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Reuss plots GM's '89 strategy: Distinctive lines, few models

By Michelle Krebs
Financial Editor

The 1989 model year will see far fewer models in General Motors' product lineup, according to Lloyd Reuss, head of GM's North American automotive operations.

He said that will make it easier for dealers to sell cars and will reduce the cost and complexity of producing them.

Reuss, who recently was appointed executive vice president of GM's North American Passenger Car Groups, said that in the two months he's been in his new job, he has worked toward "deproliferating" GM's models.

"Depending on how you count them," he said in an Automotive News interview, "we have about 200 models.

"We're going to be deproliferating some of those models in our product line. The five-division car lineup in 1989 is going to have a lot fewer models than we have today. We will have more distinct divisional market segmentation and less overlap."

Reuss said he doesn't want seven different models of the same type of vehicle in one division as is the case today, for example, with GM's present J-cars —Chevrolet Cavalier, Pontiac Sunbird, Oldsmobile Firenza, Buick Skyhawk and Cadillac Cimarron.

"In our J-cars," he said, "Buick and Oldsmobile both have the two-door, the four-door, the hatchback and the wagon. You lump them all together, and they don't sell that many in total."

In future car programs that involve four or five GM divisions, a single division won't sell every version of a line. A sedan may be exclusive to one division while a hatchback may be exclusive to another.

The GM10 program will be one of the first to demonstrate the deproliferation of models. GM10 cars will replace the G-bodies—Buick Regal, Chevrolet Monte Carlo, Oldsmobile Cutlass Supreme and Pontiac Grand Prix

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Joe Wilsmans

More trucks, no cars for a while at Smyrna

Nissan Motor Mfg. Corp., U.S.A., will hike truck output at its Smyrna (Tenn.) plant while the plant's car line is shut down to convert to fully automated car assembly. The plant will resume producing cars in early August. Truck assembly is being accelerated to the present capacity of 15,000 units a month. Story, other pictures on Page 72.

Conqueror or cannibal? It's Saturn question

By Michelle Krebs
Financial Editor

Eighty percent of Saturn Corp.'s business must represent new business to General Motors or it will not be considered a success, said Lloyd Reuss, executive vice president of GM's North American Passenger Car Groups.

"Saturn can't go in and cannibalize other GM products," Reuss said. "Eight out of every 10 Saturns we sell have to be sales we wouldn't have gotten had we not had Saturn."

Reuss said the basic design and powertrain of the Saturn car has been decided. Saturn will be a subcompact, representing GM's best effort to battle import competition.

Now, the GM division is establishing the timing for the product and the Spring Hill (Tenn.) plant where Saturn cars will be built. GM, so far, has not said when Saturn will be introduced. It is expected to be a 1989 or 1990 model.

Saturn Corp., a separate division formed by GM for the small-car project, also is in the process of determining the annual capacity of the plant, deciding how many models there will be and at what rate they will be introduced. Reuss said that initially there will be only one Saturn model, but GM is studying what models might be added to the Saturn line. That decision won't be made for another year or so, he said.

"We have to make sure that a Saturn franchise includes enough of a business opportunity to at-

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15 pct. drop seen in Big 3 earnings

By Michelle Krebs
Financial Editor

First-quarter profits for the Big Three, which will be announced this week, are expected to be about 15 percent lower than last year's.

Profits are expected to total about $2.0 billion, according to estimates by auto analysts. That compares with nearly $2.4 billion last year, which was the Big 3's second-best first quarter.

Analysts say that General Motors earned about $948 million, which compares with $1.1 billion in the first quarter of 1985. GM's best first quarter was in 1984 when it earned $1.6 billion.

Analysts say GM continues to be adversely affected by high startup costs at new plants,

Ford Motor Co. is expected to report about $693 million in first-quarter profits, based on analysts' estimates. The company earned $783 million in the same quarter a year ago and enjoyed its best-ever first quarter in 1984 with a profit of $897 million.

Analysts say Ford is benefiting from strong production schedules and the successful Taurus/Sable launch.

Chrysler Corp. will report a profit of about $375 million for the first quarter, based on analysts' estimates. That compares with $508 million in the year-ago quarter and $706 in 1984, its best-ever first quarter.

For the full year, analysts expect Big Three earnings, individually and collectively, to be lower than in the past two years.

Nevertheless, there are mixed feelings as to how the rest of the year will shape up.

Some analysts say the auto industry could see a resurgence in sales as consumers feel the trickle-down effect of lower oil prices. Others see the domestic auto makers being stuck with high inventories and lower sales while incentive programs and production cuts will be used to offset the weak market.

Collectively, the Big Three will earn about $1 billion less than they did in 1985, according to the analysts. Collective profits will be about $7.1 billion, down about 12 percent from 1985's $8.1 billion.

Individually, GM is expected to earn about $3.4 billion, compared with 1985's $4.0 billion and 1984's $4.5 billion.

Ford will earn about $2.4 billion, off from 1985's $2.5 billion and 1984's $2.9 billion. Some analysts say Ford could be the only surprise among the Big Three. The company has a shot at matching last year's earnings, some say.

The earnings forecast for Chrysler is about $1.3 billion, down from 1985's $1.6 billion and 1984's $2.4 billion.

Customs Service lowering boom on gray-market fraud at Newark

By John A. Russell
New York Staff Writer

NEWARK, N.J.—U.S. Customs has impounded several hundred gray-market cars and is intensely investigating at least 60 cases involving gray-market cars brought through Port Newark.

Customs is concentrating on possible fraud. According to Arthur Stiffel, special agent in charge of the enforcement division of U.S. C[illegible]ms at this port, many of the cases involve fraudulent entry forms or paperwork required when the cars enter this country.

The biggest problem is with cars five years old or older. Owners of such cars can obtain a special one-time waiver of EPA and Department of Transportation requirements.

Stiffel said a "typical scam" is a so-called "dealer" bringing in 10 or 12 cars and using fictitious owner names as the individual importers. He said such cars often are misrepresented as having been brought into compliance with federal standards and are sold to unsuspecting consumers for higher prices. Actually, the cars that are five years old or older do not have to comply with federal requirements under the one-time waiver for individual owners.

The cases under investigation involve the older cars. They do not involve new cars brought in by licensed gray-market conversion companies.

Stiffel also said there have been several cases of stolen European cars appearing at the port. They were discovered because Customs

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From cars to granola bars

By Roger Rowand
Engineering Editor

SCOTTSDALE, Ariz.—John Z. DeLorean has shifted gears and gone into the health center franchising and nutritional supplement field.

John Z. DeLorean

The 61-year-old former General Motors executive and auto maker is a principal in Hi-Tech Health and Wellness Centers, based here. He also is chairman of the executive committee.

That closely held company has just launched a campaign to franchise its centers and to form joint ventures to create centers. John R. Pyle, president, said investors will come chiefly from the medical profession.

DeLorean told Automotive News the company is fully financed and he has not invested any cash in it, but he is an unsalaried principal.

"I've believed in health and wellness all my life," DeLorean said. "I take good care of myself. That is probably why, in spite of all my stress, I've never had any problems. I'm 60 years old and I can run five miles right this minute." (Actually, DeLorean is 61. He was born Jan. 6, 1925.)

"Basically I lend my support," he continued. "Our plan is to build the company in size. As it builds, eventually it will be worth some money."

DeLorean also will benefit from networking sales of a nutritional supplement sold by four-month-old United Sciences of America (USA).

DeLorean is a distributor associate of USA and will benefit from sales downstream from his distributorship to other distributors and the public, Pyle said.

He said the clinics have been market tested in New York for a year before the current nationwide sales drive launch.

Attracted by newspaper advertising featuring DeLorean's name, about 500 prospective USA investors and distributors and curiosity seekers met at the Camelback Inn here last week. They were told they could get into businesses yielding as much as $1,000 a week with no financing other than purchases of supplements with their Visa and MasterCards.

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Discussing artificial intelligence program for diagnostics

Ford issues warning to makers of robots

By Roger Rowand
Engineering Editor

CHICAGO—Ford Motor Co. is expected to tell the world's robot makers tomorrow (April 22) that they'd better develop artificial intelligence systems for diagnosing robot malfunctions. If not, they'll be told, Ford no longer will do business with them.

The company expects a favorable response and expects to see such computerized systems on the factory floor within two years.

It already has developed one system it is offering at no cost to robotics companies.

"We're anxious for them to develop their own systems for their own equipment," said Morgan M. Whitney, director of the Ford Robotics and Automation Consulting Center.

Ford's urging will come in a briefing by Whitney at the Chicago Hilton & Towers in connection with the Robots 10 Conference and Exposition, which is being held at the hotel and at McCormick Place.

The Ford development is based on a lung-disease diagnostic system pioneered at Stanford University and the Center for Disease Control in Atlanta, Whitney said.

It includes such examples of artificial intelligence as hunch-playing and the following of rules-of-thumb. In diagnosing, it operates on an if-then mode and has inferential abilities, Whitney said.

For example, it will tell a maintenance person about a problem by saying, "It may be here, but it could be there."

The expert system's base—the aritifical intelligence—can be modified and expanded as learning progresses, Ford said.

Ford's program uses the software shell of a Texas Instruments system called Personal Consultant. Ford demonstrated it last week at its robotics center in Dearborn using an IRB90 Asea robot. Whitney said the Ford diagnostic system can be used on other types of sophisticated automation equipment.

"We are telling people this is a feature we, as a major user, want," Whitney said. "We will encourage manufacturers to supply it as a built-in feature.

"This is not a panacea. There are some areas that need improvement. We're overdosing on high tech. We've been burned," Whitney said.

An example, he told Automotive News, was the conversion of the St. Louis plant to production of the Aerostar van. Showroom introduction of that vehicle was delayed for months last year as high-tech automated machinery was brought on line to replace previously standard non-automated equipment.

Ford, Iveco sign agreement linking European truck lines

By Richard Feast
European Editor

LONDON—Ford and Iveco signed their European truck merger agreement here last week.

The deal confirmed months of speculation about the talks, which stemmed directly from the proposal—subsequently abandoned—to merge the passenger-car operations of Ford of Europe and Fiat Auto.

Last week's agreement was signed by Giorgio Garuzzo, managing director of Fiat's Iveco commercial vehicle division, and Sam Toy, chairman and managing director of Ford of Britain.

A separate company known as Iveco Ford Truck, Ltd., is to be established July 1. Ford of Britain and Iveco will each hold 48 percent of the $60 million equity, with the remaining 4 percent owned by merchant bankers Credit Suisse First Boston, Ltd.

Garuzzo estimated annual revenues of up to $450 million for the new pairing.

The manufacture of Ford's Cargo range of trucks will continue at the plant in Langley, England, until the "early '90s," according to Toy. Employment at Langley (1,700 people) and at the Ford plants which supply components will be unaffected.

In the U.K., where Ford is already the market leader, the two dealer networks will merge to sell a combination of Cargo, heavy Ford Transit vans and complementary Iveco products. Ford's car dealers will continue to sell light Transits as well as car-derived vans.

Giorgio Garuzzo

Sam Toy

However, Ford will continue to sell Cargo in opposition to Iveco in the rest of Europe, where Iveco's presence is strong and Ford's is minimal. In overall sales terms, the new grouping will take Iveco Ford closer to market leader Daimler-Benz and farther away from third-place Renault Industrial Vehicles.

The creation of Iveco Ford will be of considerable concern to the U.K.'s other two major truck producers, BL's Leyland and General Motors' Bedford. While Leyland's market performance has improved in recent months, Bed-

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Chrysler holding line on prices—for now

By John K. Teahen Jr.
Senior Editor

There was price news aplenty last week as Volkswagen posted an increase and General Motors disclosed model-by-model figures for its previously announced boost.

But the most interesting development came from Chrysler Corp., which declined to join GM's parade—at least for the moment.

And Ford Motor Co. maintained its uncomfortable position on the fence, debating whether to follow GM or Chrysler. There were reports that Ford was nearing a decision, but no definite word at presstime. A Ford incentive program that was to expire last Wednesday was extended through Sunday (April 20).

VW's hike, its third of the 1986 model year, averaged $310, or 3.2 percent.

GM held the line on a couple of models and bumped others as much as $862 (Cadillac Seville) and $1,039 (Cadillac limousines). There also were increases on optional equipment in the 2.9 percent advance, which Automotive News estimates as an average of $400 per car.

Chrysler said it "is not currently planning" to raise prices on domestic cars in answer to actions by GM and various imports.

The key word is "currently." Chrysler wouldn't disclose a time limit. Its present incentive programs continue until the end of April or longer, so Chrysler has a little time to wait and see.

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Ford ending role in trucks

By Richard Feast
European Editor

LONDON—The merger between Ford's European truck operations and those of Fiat's Iveco can have only one interpretation: Ford is getting out of the European truck business.

News Analysis

What it had was an independent presence, albeit a weak one. What it has now is a merger with a much larger organization. The board of directors of the new company is tipped in Iveco's favor, and the ranking officer is from Iveco.

In recent years Ford has quietly withdrawn from a number of European truck markets. It has ceased production of the A-series and the heavyweight Transcontinental. It admits that the design and engineering staffs that created the Cargo and the new Transit have been diverted to passenger-car projects.

When the Cargo's production life ends in the early 1990s, it will almost certainly be replaced by a product designed and engineered by Iveco.

If the European truck market were a poker game, companies like Daimler-Benz, Scania, Volvo and Iveco would be holding mostly picture cards. Other companies like MAN and Daf would have a few as well, but Renault, Enasa, Leyland, Bedford and Ford would have poor hands. Each needs a lot of luck from the shuffle and generous financial

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Pontiac hot despite cold Fiero

By Michelle Krebs
Financial Editor

PONTIAC—Pontiac remains on target for a 900,000-unit sales year, despite sagging sales of its once-hot Fiero, said J. Michael Losh, the division's general manager.

The 900,000 mark would represent a 12.5-percent sales increase over the 1985 model year. At this point in the model year, Pontiac sales are up 12 percent.

J. Michael Losh

"The 900,000 is an ambitious objective," Losh said, "but we've got a shot at it."

The target will be met without the once-strong leadership of Pontiac's Fiero. The two-seater has suffered a sales decline. Its inventory level has risen to a supply of 155 days as of April 1, compared with 36 days a year ago.

The inventory levels have been high enough to warrant temporary halts in production and layoffs at the Fiero plant. In addition, the Fiero is covered by GM's new 6.9-percent interest rate on 30-month car loans, which went into effect last week.

In an interview with Automotive News, Losh said the Fiero continues to do well compared with the original projections.

"This year, we won't sell quite as many as we did the first year of the vehicle, and we're obviously not going to sell quite as many as the full capacity of the plant," he said. "We're making some pro-

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Toyota appoints U.S. plant chief

By Dave Zola
Detroit Reporter

Toyota Motor Corp. last week took a giant step toward getting its North American assembly operations off the ground by naming a top official to oversee its new car-building ventures in the U.S. and Canada.

K. Kusunoki

Kaneyoshi Kusunoki, a Toyota executive vice president with an extensive background in production engineering, was appointed president of the newly named Toyota Motor Mfg., U.S.A., Inc., and Toyota Motor Mfg., Canada, Inc.

The two firms will have the capacity to build up to 250,000 cars per year beginning in 1988.

The U.S. plant, to be built in Georgetown, Ky., will produce up to 200,000 cars annually in the 2-liter Camry class. The Canadian facility in Cambridge, Ont., will assemble up to 50,000 Corolla-size cars per year.

Employment at the $800 million Kentucky plant will total 3,000, while the $290 million Ontario operation will employ as many as 1,800. Each plant will include metal stamping, welding, painting and final assembly operations.

Groundbreaking for both sites is scheduled for May 6.

Kusunoki is the first major executive named to the U.S./Canada operations, and he is expected to be closely involved with the selection of the remainder of his management team.

Toyota officials said the company still hasn't decided whether Kusunoki will run the two firms from offices in North America or Japan.

Since 1982, Kusunoki has had responsibility for all of Toyota's overseas plant construction.

For the past 16 years, Kusunoki has been in charge of bringing all of Toyota's Japanese plants into production.

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The Tax Man Cometh

Patrick O'Connor, NAFA's legislative adviser, says the IRS is giving fleets the big chill

By Geoff Sundstrom

As the National Assn. of Fleet Administrators Inc. (NAFA) convenes in Chicago this week, members are buzzing about a new kind of downsizing that has nothing to do with car length or weight.

The downsizing they are concerned about involves a declining number of fleet operations and the shrinking size of many vehicle fleets.

Closely observing the goings-on is Patrick C. O'Connor, NAFA's Washington representative, who claims fleet operations across the country are suffering the chilling effects of new and, at times, bewildering tax rules.

According to O'Connor, of Kent & O'Connor Inc., a corporate and government affairs firm with offices in Washington and Chicago, recent Congressional action on depreciation, vehicle recordkeeping and tax reform is causing fleet administrators to take a good hard look at their vehicle needs. In some cases this has led to abandoning entire fleet programs. In others it has prompted reductions in fleet size.

While NAFA membership has not suffered yet, O'Connor declares, "Over time the trend will be for fewer and smaller fleets."

The Internal Revenue Service (IRS) bears much of the responsibility for this trend, fleet operators believe.

The tax collection agency's well-publicized attempts to write and rewrite vehicle recordkeeping rules has been a nightmare for the nation's fleet managers. Indeed, many accountants continue to advise fleet operators that drivers should keep travel records on a daily basis rather than run the risk of being penalized because of inadequate documentation.

O'Connor (left) says recent Congressional action on depreciation, vehicle recordkeeping and tax reform is causing fleet administrators to take a good hard look at their vehicle needs. In some cases this has led to abandoning entire fleet programs.

O'Connor says that although Congress specifically forbade the IRS from requiring daily travel records, the agency has issued so many different and confusing rules on the subject that fleet managers are uncertain how best to keep their fleet programs in compliance with the law.

When Congress wants to revise the rules on depreciation, deductibility or documentation, fleet administrators are involved, and the 99th Congress has been a particularly worrisome session on these issues, O'Connor notes. Of major concern is how the Senate Finance Committee will write its tax reform package.

In working for tax overhaul with a favorable — or at least neutral — result for fleet administrators, NAFA has joined with a powerful coalition of automotive trade groups. NAFA membership in the Automotive Depreciation Coalition helps make Senate tax writers aware of fleet issues, O'Connor says.

Other coalition members include the Motor Vehicle Manufacturers Assn. of the U.S. (MVMA), National Automobile Dealers Assn. (NADA), American Car Rental Assn., and auto makers General Motors, Ford Motor Co. and Chrysler Corp.

Several potential trouble spots in the tax reform process seem to have been cleared away already. For example, O'Connor says NAFA is pleased that the White House has come out against an oil import fee. Such a tax would temporarily be offset by the falling price of gasoline, but would represent a new cost to fleet managers should oil prices stabilize and return to previous levels, O'Connor points out.

A proposal to end the deductibility of excise taxes — including the nine-cent-per-gallon tax on gasoline — also appears to have been put on hold. A majority of Finance Committee members have indicated they would not support curtailment of this important deduction.

Still unresolved is how the Finance Committee will deal with depreciation allowances for automobiles. O'Connor, whose group advocates a three-year schedule of depreciation, says three years of service is about average for most business vehicles. Because rapid mileage accumulation causes fleet vehicles to depreciate faster than private automobiles, he says, tax laws should reflect this.

While Congress has proved to be lukewarm about NADA's anti-fleet/lease incentive bill, NAFA members are continuing to fight the legislation at the state level. O'Connor notes that a well-organized dealer body in Iowa has pushed hard for an anti-fleet incentive law, and NADA seems to have made Iowa a "test case" for the legislation. "NADA has mounted an unusually strong effort in support of the bill," he says.

Although similar bills have recently failed to win passage in Michigan, Indiana and Oklahoma, O'Connor is concerned about the Iowa effort. As of mid-April the Iowa state legislature had not completed action on the bill.

NAFA members have their work cut out for them should NADA prove successful in the Midwest. O'Connor says 21 states have considered, or are now considering, limits on fleet incentives.

One thing that's certain, O'Connor points out, is that if auto dealers are not successful with their anti-fleet/lease incentive bill this year, they'll be back next year to try again. And NAFA will be right there doing battle, too. ■

Credit wins over options

Both U.S. and Canadian fleet managers prefer credit (discount off invoice) over free options as their fleet incentive choice, according to a survey conducted by *Runzheimer Reports on Transportation*.

Sixty percent of 388 U.S. respondents and 75 percent of 32 Canadian respondents said they would rather receive credit than free options.

Fleet managers stated two main reasons why they prefer credit over options. First, fleet policy or fleet-car specifications establish the allowable accessories. Declares one respondent: "Option content is set for selected classes of cars based on need or relative rank of assignee. Any deviation leads to individual jealousy."

The second most important reason fleet managers prefer credit is cost control. Many respondents consider up-front savings an important factor when making their new car choices. "Vehicle options are fixed on all cars. Dollar savings allow funds to be used elsewhere," explains one fleet manager. "Reduce cash outlay for our budget," states another.

Whereas a significant number of fleet managers select credit over options to avoid driver discontent, others see options as useful morale builders, according to the Runzheimer survey. "If we don't normally order these options, selecting them makes the drivers happy," a fleet manager notes.

Some respondents designated enhanced resale value as a second reason for selecting options rather than credit. For example, one respondent explains, "Free options let us dress up the vehicles and get a higher resale."

When cost considerations shape the fleet incentive decision, fleet managers tend to direct their attention either to the point of purchase or the point of disposal.

At the point of purchase, companies realize up-front savings by selecting credit, thereby improving corporate cash flow and reducing finance costs.

At the point of disposal, companies which have selected fleet-incentive options generally obtain more money from the used, upgraded unit.

The bottom line question raised by the Runzheimer survey: Which end of the unit's fleet cycle provides the greatest cost savings to the company? ■

Fleet exec salaries studied

Fleet executives who are titled administrator or director received the sharpest salary increases in 1985, while managers and vice presidents received more modest raises, according to a survey by *Runzheimer Reports on Transportation*.

Administrators, traditionally the lowest-paid fleet execs, received a 17-percent median salary increase, from $26,626 in 1984 to $31,618 in 1985. The median salary for a director with fleet responsibility rose 11 percent, from $42,251 to $47,000. Vice presidents and managers received raises of 3.9 and 3.7 percent, respectively.

The Runzheimer study notes: "In an age when titles place people in terms of importance, the fact that corporations more often assign those charged with fleet responsibility the title of manager rather than administrator suggests that the former title carries greater weight.

"Moreover, the fact that compensation proves generally higher for fleet managers than for fleet administrators argues that the title 'manager' carries more value than that of 'administrator'."

Overall, the survey, drawing responses from 482 fleet executives, shows median salaries for fleet executives rose by 5 percent, or $1,807.

Median Salary of Selected Fleet Executives by Corporate Rank

Rank	1984	1985	Percent Increase
Vice President ...	$52,084	$54,166	3.9%
Director	$42,251	$47,000	11.2%
Manager	$37,605	$39,000	3.7%
Administrator	$26,626	$31,618	17.0%

Although median salaries for fleet executives climbed, the percentage of fleet executives receiving company cars decreased. A 1984 survey showed 33 percent of responding companies provided employes with cars; only 25 percent did so in 1985.

One reason that partly explains this decline is the Tax Reform Act of 1984. Because of it, a number of companies are not only taking their fleet executives' cars away, they are also turning away from company-provided fleets. Some companies are eliminating the perk portion of their fleet.

Another reason for the decline is an ongoing corporate cost-reducing movement to cut back on the ranks that receive perk cars. ■

Electronic sensor detects levels of automotive fluids

TROY, Mich.—An electronic sensor to detect low levels of virtually all automotive fluids and alert the driver has been introduced by the Electrical Division of Wickes Mfg. Co.'s Automotive Group.

Applications include sensing low levels of engine oil, window-washer fluid, engine coolant, brake fluid, transmission oil and power-steering fluid.

The low-cost, self-contained sensor measures 2 inches by ½ inch by 1/16 inch.

Upon sensing low fluid levels at engine startup, the circuit latches, lighting an indicator lamp to alert the driver. The lamp remains on until the fluid level is corrected and the ignition is recycled.

The sensor utilizes thick-film technology on a ceramic substrate. The probe is soldered to a circuit board with surface-mounted electronics sealed in the cap of the probe. A protective coating guards against conductive and nonconductive fluids and corrosive environments.

Surface-mounted electronics eliminate leads and holes, Wickes said. They drive the probe and provide an electronic output signal for driving a lamp or interfacing with another system.

The sensor will survive underhood temperatures from minus 40 to 150 degrees Centigrade, Wickes said.

Wickes said the sensor can be used in three ways: As a single, stand-alone unit; multiplexed with multiple probes to provide a complete fluid-sensing system, or with each probe multiplexed to the vehicle's on-board computer or electronic control system.

NEW-CAR MARKET SHARES IN U.S.

	JANUARY					ONE MONTH				
	Regis., January, 1986	Percent Share of Market	Regis., January, 1985	Percent Share of Market	Pct. Pt. Change '86 vs. '85	Regis., 1 Mos., 1986	Percent Share of Market	Regis., 1 Mos., 1985	Percent Share of Market	Pct. Pt. Change '86 vs. '85
Chevrolet	135,574	14.86	113,636	14.55	+0.31	135,574	14.86	113,636	14.55	+0.31
Ford	118,098	12.94	104,924	13.43	−0.49	118,098	12.94	104,924	13.43	−0.49
Oldsmobile	84,196	9.23	72,699	9.31	−0.08	84,196	9.23	72,699	9.31	−0.08
Pontiac	65,608	7.10	49,616	6.35	+0.84	65,608	7.19	49,616	6.35	+0.84
Buick	61,099	6.69	65,572	8.39	−1.70	61,099	6.69	65,572	8.39	−1.70
Mercury	38,698	4.24	38,183	4.89	−0.65	38,698	4.24	38,183	4.89	−0.65
Dodge	31,452	3.45	32,602	4.18	−0.73	31,452	3.45	32,602	4.18	−0.73
Plymouth	29,983	3.28	27,433	3.51	−0.23	29,983	3.28	27,433	3.51	+0.23
Chrysler	25,878	2.84	24,701	3.16	−0.32	25,878	2.84	24,701	3.16	−0.32
Cadillac	25,214	2.76	22,114	2.83	−0.07	25,214	2.76	22,114	2.83	−0.07
Lincoln	12,641	1.39	13,061	1.67	−0.28	12,641	1.39	13,061	1.67	−0.28
AMC	6,786	0.74	11,030	1.41	−0.67	6,786	0.74	11,030	1.41	−0.67
GENERAL MOTORS	371,691	40.73	323,637	41.43	−0.70	371,691	40.73	323,637	41.43	−0.70
FORD MOTOR CO.	169,437	18.57	156,168	19.99	−1.42	169,437	18.57	156,168	19.99	−1.42
CHRYSLER CORP.	87,313	9.57	84,736	10.85	−1.28	87,313	9.57	84,736	10.85	−1.28
AMC	6,786	0.74	11,030	1.41	−0.67	6,786	0.74	11,030	1.41	−0.67
IMPORTS	277,405	30.39	205,621	26.32	+4.07	277,405	30.39	205,621	26.32	+4.07
MISC. DOMESTIC	12	0.00	14	0.00	−0.00	12	0.00	14	0.00	−0.00
TOTAL	912,644		781,206			912,644		781,206		

Automotive News analysis of new-car registrations based on R.L. Polk & Co. statistical report. Oklahoma for 1986 and 1985 based on manufacturers' sales records.

January domestic registrations up

By Jenny L. King
Detroit Reporter

New-car registrations in January were up a healthy 16.83 percent over the year-ago total and were best for the month since 1978 when they topped one-million.

U.S. registrations numbers released by R.L. Polk & Co. showed a record 912,644 new domestic and imported cars enrolled in January. The total consisted of 635,239 domestics and a record 277,405 imports.

Domestic registrations were up 10.36 percent year to year, to 635,-239 from 575,585. They increased 14.44 percent from 555,104 in December, 1985.

Imports were up 34.91 percent, to 277,405 from 205,621 in January, 1985.

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The import share of the market grew by more than four percentage points, expanding to 30.39 percent from 26.32 percent.

The second-largest market segment went to domestic intermediates with 26.05 percent of the January total. Compacts were third with 17.67 percent, followed by subcompacts at 11.69 percent, luxury cars at 7.55 percent and standards at 6.65 percent.

Excluding imports, the January market was made up of 37.43 percent intermediates, 25.38 percent compacts, 16.80 percent subcompacts, 10.84 percent luxury cars and 9.55 percent standards.

A year ago imports claimed 26.41 percent of the month's market. Intermediates had 25.29 percent, compacts had 17.98 percent, compacts had 11.96 percent percent, standards had 10.02 percent and luxury models had 8.34 percent.

General Motors domestic cars comprised 58.51 percent of the domestic market in January, Ford Motor Co. had 26.67 percent, Chrysler Corp. had 13.75 percent and American Motors had 1.07 percent.

Ex-business manager offers service as car-shopper

RALEIGH, N.C.—C. Ashby Pamplin, a Raleigh resident who has been in the automobile business for 10 years, has opened a new business here called Car-Search to guide buyers of new and used cars.

Pamplin, who most recently served as business manager for two local dealerships, said some practices used in selling cars should be reformed. B. Wade Isaacs, executive vice president of the North Carolina Automobile Dealers Assn., said Pamplin's business is like that of a person who is paid to prepare people's income-tax returns.

"He is offering a service that a consumer can do for himself if he wants to, or he can pay someone else to do it," Isaacs said. "But we believe in the free-enterprise system. If he feels he can make a living out of it, fine."

Pamplin plans to charge a customer buying a car $45 per hour or a retainer of $200, which pays for six hours of time. He said, "For the average person, there is no question I can get a better deal.

"There seems to me to be a great need for honesty and openness in the car business, and I can help."

For his fee, Pamplin will help individuals and companies negotiate car deals for personal or business use. He will locate the particular car or fleet of vehicles wanted, advise the customer of the fair market value and negotiate for the lowest price.

Buyers considering a tradein are advised on whether they should trade or sell their car themselves.

Pamplin said he decided to start his service after having helped several friends negotiate with dealerships. He said that "one day, someone said, 'You ought to charge for this,' so that's what I'm doing."

German makes strong in Japan

TOKYO—Yanase, Japan's biggest car-importing company, has announced preliminary figures showing sizeable increases in sales of German cars in March.

Volkswagen sold 1,789 cars in Japan in March, an increase of 32.5 percent over the year-earlier month. BMW sales in March totaled 1,535, a rise of 36.4 percent. Mercedes-Benz sales came to 1,-231, for a gain of 29.6 percent, and Audi sales rose 25.4 percent to 963, a record for Audi.

First-quarter totals were: Volkswagen, 3,489; BMW, 3,276; Mercedes-Benz, 2,704, and Audi, 1,685.

Toyota professorship

NEW YORK—Rockefeller University has received $1.5 million from Toyota Motor Corp. to establish a Toyota professorship in the biomedical sciences.

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New Chinese contract law hailed

ANN ARBOR, Mich.—China's long-awaited international contract law holds new opportunities for Chinese-American joint ventures, according to University of Michigan Prof. Whitmore Gray.

Passed last summer, the new Chinese law is the first to provide specific rules covering international contracts. Gray believes the legislation will facilitate trade negotiations, although "judges and lawyers will be busy over the next few years interpreting the new law."

In the meantime, Americans should draft Chinese trade contracts "very carefully," Gray said. "Until the meaning of the new law becomes clearer, it is important to anticipate problems which may arise and provide specific solutions in the contract," he said.

He characterized Chinese businessmen as "shrewd" but generally "very cooperative" with foreign investors.

Americans, who until recently out-invested the Japanese 50 to one in China, should particularly welcome the new legislation, he said.

"Just five years ago, the U.S. passed the watershed mark of having more trade partners in the Pacific Rim area than across the Atlantic," Gray noted.

An expert on Chinese trade law, Gray has taught law courses at Jilin University in Changchun and will teach at Xiamen (Amoy) University in China in May. He has served as consultant to two Michigan firms that have entered into agreements involving projects in China.

Where contracts with the Chinese once were negotiated on an ad hoc, case-by-case basis, the new international law was designed to create a "solid legal framework within which foreign businesses can negotiate," he said.

"The Chinese have tried to encourage foreign investors by keeping favorable provisions from the former practice in the law as well as providing beneficial new ones," Gray said. In general, he said, the law codifies standard international practices and avoids new concepts.

The new trade law may eventually reduce the chances of contract disputes. In the past, "as much as possible was written into contracts to make up for the lack of consistent, clear-cut laws," Gray said. Under the new rules, contracts should be less cumbersome and ambiguous.

However, "Get a lawyer" is Gray's advice to any American firm about to sign a trade contract with a Chinese business or unit of government. Although the Chinese are less experienced in international trade than some of their Asian neighbors, many are "sharp bargainers," he said.

The new contract law also includes statutory provisions for licensing technological material such as industrial technology and eventually computer software.

Although the provisions have not yet been finalized, "the law has laid a foundation for contractual protection of software sold as part of a business deal," Gray said. A patent law has been enacted and a copyright law is "not quite ready" but forthcoming, he predicted.

For all its benefits, the legislation does not guarantee instant resolution of every trade question, Gray said. Foreign trade is still subject to separate legislation within China's more than 20 Special Economic Zones, areas designated to encourage foreign investment. Each zone is allowed to have its own contract law.

Not surprisingly, the demand for American lawyers with strong backgrounds in Chinese language and culture is growing, he said.

Gray and other experts in Chinese language, law and government are training both American and Chinese lawyers to mediate and arbitrate trade disputes and to interpret China's domestic and international trade laws.

Used-car dealer accused by U.S. as a tax cheat

SPRINGFIELD, Mass.—Daniel Kaeffer, a used-car dealer in Agawam, Mass., has been charged in U.S. District Court with failure to report more than $1 million in sales income.

U.S. Attorney William F. Weld said Kaeffer, doing business as Dan's Auto Sales, is charged in a two-count federal indictment with filing false tax returns for 1979 and 1980.

The indictment, returned by a grand jury, claims that Kaeffer filed a tax return for one of the years claiming $16,006 in income from wages. The government claims that Kaeffer failed that year to report additional income of $588,557 from car sales.

The indictment also charges Kaeffer with claiming wage income of $6,166 for the other year, but that he failed to report income from car sales of $659,225. If convicted, Kaeffer faces a possible sentence of six years and a fine of up to $200,000.

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AUTOMOTIVE NEWS ANALYSIS OF NEW-CAR REGISTRATIONS

Based on R. L. Polk & Co. Statistical Report

JANUARY, 1986 VERSUS JANUARY, 1985

	1986 Month	1986 Year	1985 Month	1985 Year
AMC Alliance FWD	4,410	4,410	5,594	5,594
Encore FWD	1,415	1,415	3,676	3,676
Eagle 4WD	146	146	364	364
Eagle 4WD SW	815	815	1,396	1,396
TOTAL AMC	6,786	6,786	11,030	11,030
Chrysler Laser FWD	2,493	2,493	3,218	3,218
LeBaron GTS FWD	5,436	5,436	2,569	2,569
LeBaron FWD	6,844	6,844	5,956	5,956
LeBaron SW FWD	568	568	625	625
E Class-NY FWD	4,386	4,386	4,766	4,766
NY Fifth Ave-Newpt	6,151	6,151	7,567	7,567
Total	25,878	25,878	24,701	24,701
Plymouth Horizon FWD	6,925	6,925	7,235	7,235
Turismo FWD	3,470	3,470	3,618	3,618
Reliant FWD	12,788	12,788	9,645	9,645
Reliant SW FWD	2,785	2,785	2,635	2,635
Caravelle FWD	3,049	3,049	2,935	2,935
Gran Fury	966	966	1,365	1,365
Total	29,983	29,983	27,433	27,433
Dodge Omni FWD	5,779	5,779	5,719	5,719
Charger FWD	3,601	3,601	3,986	3,986
Daytona FWD	3,154	3,154	2,985	2,985
Aries FWD	7,483	7,483	8,003	8,003
Aries SW FWD	2,333	2,333	2,222	2,222
Lancer FWD	3,440	3,440	2,032	2,032
600/400 FWD	3,950	3,950	4,595	4,495
Diplomat	1,712	1,712	3,060	3,060
Total	31,452	31,452	32,602	32,602
TOTAL CHRYSLER CORP.	87,313	87,313	84,736	84,736
Ford Escort FWD	32,658	32,658	23,995	23,995
Escort SW FWD	8,495	8,495	6,261	6,261
EXP FWD	105	105	2,828	2,828
Mustang	12,579	12,579	12,917	12,917
Tempo FWD	26,958	26,958	21,199	21,199
Taurus FWD	5,533	5,533	0	0
Taurus SW FWD	1,538	1,538	0	0
LTD	5,131	5,131	11,860	11,860
LTD SW	1,382	1,382	3,293	3,293
LTD Crn. Victoria	8,423	8,423	9,398	9,398
LTD Crn. Victoria SW	1,664	1,664	1,994	1,994
Thunderbird	13,632	13,632	11,179	11,179
Total	118,098	118,098	104,924	101,924
Lincoln Town Car	9,389	9,389	8,468	8,468
Mark VII	1,539	1,539	1,871	1,871
Continental	1,713	1,713	2,722	2,722
Total	12,641	12,641	13,061	13,061
Mercury Lynx FWD	6,459	6,459	4,556	4,556
Lynx SW FWD	1,260	1,260	1,064	1,064
Capri	910	910	1,295	1,295
Topaz FWD	5,428	5,428	5,732	5,732
Sable FWD	2,595	2,595	0	0
Sable SW FWD	675	675	0	0
Marquis	2,468	2,468	6,504	6,504
Marquis SW	264	264	796	796
Grand Marquis	7,438	7,438	8,412	8,412
Grand Marquis SW	819	819	1,042	1,042
Cougar	10,382	10,382	8,782	8,782
Total	38,698	38,698	38,183	38,183
Lincoln-Mercury Division Total	51,339	51,339	51,244	51,244
TOTAL FORD MOTOR CO.	169,437	169,437	156,168	156,168
Buick Skylark FWD	0	0	8,335	8,335
Skyhawk FWD	4,726	4,726	5,395	5,395
Skyhawk SW FWD	371	371	530	530
Somerset Regal FWD	11,068	11,068	5,232	5,232

	1985 Month	1985 Year	1984 Month	1984 Year
Century FWD	19,820	19,820	13,743	13,743
Century SW FWD	1,757	1,757	2,166	2,166
Regal	6,239	6,239	8,226	8,226
LeSabre	0	0	11,026	11,026
LeSabre FWD	3,612	3,612	0	0
Electra	10,752	10,752	5,328	5,328
Electra FWD	10,752	10,752	5,328	5,328
Buick SW	1,075	1,075	1,299	1,299
Riviera FWD	1,679	1,679	4,292	4,292
Total	61,099	61,099	65,572	65,572
Cadillac DeVille	0	0	529	529
DeVille FWD	16,882	16,882	6,387	6,387
Cimarron	1,913	1,913	931	931
Fleetwood & Chassis	2,728	2,728	3,969	3,969
Fleetwood FWD	0	0	2,624	2,624
Eldorado FWD	2,210	2,210	5,094	5,094
Seville FWD	1,481	1,481	2,580	2,580
Total	25,214	25,214	22,114	22,114
Chevrolet Nova	13,171	13,171	0	0
Chevette	6,460	6,460	11,813	11,813
Camaro	11,103	11,103	14,981	14,981
Cavalier FWD	37,058	37,058	23,736	23,736
Cavalier SW FWD	6,651	6,651	5,278	5,278
Citation FWD	0	0	5,891	5,891
Celebrity FWD	27,608	27,608	16,978	16,978
Celebrity SW FWD	6,259	6,259	5,774	5,774
Monte Carlo	7,553	7,553	6,883	6,883
Impala	0	0	3,826	3,826
Caprice	13,723	13,723	11,202	11,202
Chevrolet SW	3,391	3,391	4,521	4,521
Corvette	2,597	2,597	2,753	2,753
Total	135,574	135,574	113,636	113,636
Oldsmobile Firenza FWD	2,793	2,793	3,476	3,476
Firenza SW FWD	484	484	815	815
Calais FWD	7,409	7,409	7,010	7,010
Cutlass Ciera FWD	27,761	27,761	15,953	15,953
Cutlass Ciera SW FWD	2,484	2,484	2,926	2,926
Cutlass Supreme-Calais	20,415	20,415	15,471	15,471
Delta 88	0	0	14,698	14,698
Delta 88 FWD	9,330	9,330	0	0
98 FWD	10,615	10,615	8,171	8,171
Oldsmobile SW	1,750	1,750	1,253	1,253
Toronado FWD	1,155	1,155	2,926	2,926
Total	84,196	84,196	72,699	72,699
Pontiac 1000	1,412	1,412	2,082	2,082
Firebird	6,049	6,049	6,403	6,403
Sunbird FWD	9,914	9,914	6,738	6,738
Sunbird SW FWD	551	551	644	644
Grand Am FWD	13,107	13,107	6,757	6,757
Bonneville	4,570	4,570	3,555	3,555
6000 FWD	14,055	14,055	8,408	8,408
6000 SW FWD	1,075	1,075	1,093	1,093
Grand Prix	4,344	4,344	3,829	3,829
Parisienne	4,157	4,157	4,097	4,097
Pontiac SW	933	933	1,149	1,149
Fiero	5,441	5,441	4,861	4,861
Total	65,608	65,608	49,616	49,616
TOTAL GM CORP.	371,691	371,691	323,637	323,637
Miscellaneous Domestic	12	12	14	14
Domestic Station Wagon Total	49,379	49,379	48,776	48,776
Domestic Grand Total	635,239	635,239	575,585	575,585
Import Total	277,405	277,405	205,621	205,621
Grand Total All Registrations	912,644	912,644	781,206	781,206

Automotive News analysis of new-car registrations based on R. L. Polk & Co. statistical report. Manufacturers' sales records used to compile Oklahoma.

Reuss revamping GM marketing approach

Continued from Page 1

and Bonneville—beginning in the 1988 model year.

Eventually GM10 cars also will replace GM's A-models—the Chevrolet Celebrity, Buick Century, Oldsmobile Cutlass Ciera and Pontiac 6000.

"With the A-cars, we've got umpteen models," said Reuss. "As we make the transition from the A-bodies to the GM10 cars, we won't be keeping nearly as many models in the lineup as we have today.

"Product will be more focused so that everyone doesn't have everything, which is the way we've been doing it at GM traditionally," Reuss said.

The idea, Reuss said, is for the divisions to shift their focus to the competition outside of GM, not with sister divisions.

Reuss and the heads of the two car groups—William Hoglund at Buick-Oldsmobile-Cadillac and Robert J. Schultz at Chevrolet-Pontiac-Canada—have been examining what Reuss calls market segmentation.

"The objective," he said, "is to define the market segment for each division and then deproliferate those models so that we make it easier for our dealers and our distribution system to handle our products and make it simpler in our plants, which obviously helps the quality and cost."

Division by division, Reuss, Hoglund and Schultz have determined which models represent each division's core products, those products which make up 80 percent of the division's sales.

At Chevrolet, for example, the core products are the Celebrity and Cavalier; at Oldsmobile, they are the Delta 88 and Cutlass.

"We intend to expand our market penetration of those core products," he said.

The other 20 percent of sales represents areas where the divisions overlap. "That's where we've proliferated our models and options far too much," Reuss said. "That's where the difficult decisions have to be made—who has this particular type of customer and who goes after them."

Lloyd E. Reuss

Reuss said the divisions will eventually follow what Pontiac has done. "They have the most well-defined market segment, and their product reflects it. What we have to do now is work at all five divisions."

As each division's market segment is defined, product will be designed to be distinctive to that division. Reuss said much of the $9 billion GM dedicates annually to capital spending during the next few years will go toward putting "specificity" into models, instead of into retooling for basic components, suspensions and automatic transmissions, as has been the case in recent years.

"What we're doing is designing more specific and unique body panels and instrument panels," he said. "The new GM10 cars, which come out in 1988, will be the first public demonstration of what we've done. All the exterior panels are unique for each of the three divisions that will get the cars first (Buick, Oldsmobile, Pontiac). The entire instrument panels are unique to each.

"In fact," he added, "there's more personality difference between, say, the Grand Prix for '88 and the Cutlass Supreme for '88 than we've ever had in the Pontiac and Oldsmobile lines on a similar platform."

Don't cannibalize, Saturn told

Continued from Page 1

tract top-notch dealers," he said. "We have to make sure we have enough product to make it a stand-alone outlet."

While a separate franchise will be required to sell Saturn cars, Reuss sees the basic franchise system remaining intact.

He said GM is quizzing dealers on their reaction to different ideas for distribution of Saturn cars and on ideas for such things as service departments and the layout of the dealership.

"We're looking at new ideas, but my feeling is we'll use the basic franchise system," he said. "The basic franchise system is a sound system and has been very successful for us.

"While Saturn is taking a clean sheet of paper approach," he added, "we're not going to be destroying anything that's our strength, and the franchise system is one of those strengths."

Many observers had speculated Saturn cars would be sold through such mass merchandisers as K mart and Sears. "That always make nice conversation," Reuss said. "And we've looked at that for 15 years, but I don't see that happening for the rest of my career."

At the same time, Saturn officials are trying to decide what kind of personality the Saturn car should have, what appointments it needs to portray its personality and what market segment Saturn should pursue.

Saturn Corp., with GM's other five car divisions, is participating in a review of market segments. All of GM's divisions are examining their market segments and figuring out ways to improve their penetration of those segments.

factories list auction dates

American Motors

April 22—D-A Auto Auction, New Stanton, Pa.

April 23—Kansas City Auto Auction, Kansas City, Mo., and Columbus Fair Auto Auction, Obetz, Ohio

April 24—Evansville Auto Auction, Evansville, Ind.; Corry Auto Auction, Corry, Pa., and Northway Exchange, Inc., Clifton Park, N.Y.

April 29—Aptco Auto Auction, Taylor, Mich., and High Point Auto Auction, High Point, N.C.

Chrysler Corp.

April 22—Hatfield Auto Auction, Hatfield, Pa., and Florida Auto Auction of Orlando, Ocoee, Fla.

April 23—Southern Auto Auction, Warehouse Point, Conn.; Columbus Fair Auto Auction, Obetz, Ohio; Dallas Auto Auction, Grand Prairie, Tex., and South Seattle Auto Auction, Kent, Wash.

April 24—Fredericksburg Auto Auction, Fredericksburg, Va.

April 25—Floyd Hauhe Auto Auction, Bridgeton, Mo. (a tentative sale; call auction)

Ford Motor Co.

April 22—South Seattle Auto Auction, Kent, Wash.

April 23—Columbus Fair Auto Auction, Obetz, Ohio, and Clanton's Auto Auction, Darlington, S.C.

April 24—Baltimore Washington Auto Exchange, Baltimore, Md.; Big H Auto Auction, Houston, and Floyd Hauhe Auto Auction, Bridgeton, Mo.

April 29—Harrisonburg Auto Auction, Harrisonburg, Va.

April 30—Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn., and Golden Gate Auto Auction, Fremont, Calif.

General Motors

April 23—Golden Gate Auto Auction, Fremont, Calif., and Metro Auto Auction of Kansas City, Lee's Summit, Mo.

April 24—Arena Auto Auction, Chicago, and Columbus Fair Auto Auction, Obetz, Ohio

April 29—Dallas Auto Auction, Grand Prairie, Tex.

April 30—Hatfield Auto Auction, Hatfield, Pa.

Used Car Sales
Auction Averages

April to date	$5,035
Month ago	$4,859
Year ago	$5,039

Model Breakdown
Auction Averages

	APR., 1986	MAR., 1986	FEB., 1986
1986	$11,313	$10,173	$10,059
1985	$8,802	$8,774	$8,655
1984	$6,328	$6,248	$6,158
1983	$5,461	$5,370	$5,232
1982	$4,279	$4,213	$4,089
1981	$3,427	$3,382	$3,302
1980	$2,507	$2,477	$2,478
1979	$2,221	$2,246	$2,348
Overall Average	$5,035	$4,932	$4,811

GM10 program shows progress

By Michelle Krebs
Financial Editor

The GM10 program, General Motors' massive project to replace its mid-sized car lines, remains on track as GM's largest new-car program ever.

Lloyd Reuss, executive vice president in charge of North American Passenger Car Groups, said that ultimately the program will represent a $7-billion investment, though over what period of time is in question.

Reuss denied speculation that GM was scaling back the new-car program. Rather, he said, GM is rethinking when it will bring out various GM10 models and which divisions will get the various models.

"The question is not whether we do GM10 or not," Reuss said. "The question is at what rate, and what models do you bring on."

The first GM10 cars will be sold through Pontiac, Oldsmobile and Buick. They will be 1988 models and will replace the rear-wheel-drive G-bodies—Buick Regal, Chevrolet Monte Carlo, Oldsmobile Cutlass Supreme and Pontiac Grand Prix and Bonneville. The G-body cars will be discontinued when the GM10 cars are introduced.

"We have the sedan and station wagons designed," Reuss said. "Now, what we have to decide is at what rate do we bring them in. Then, once we decide that, we have to decide what plants will make them."

To date, GM has selected only three plants to produce GM10 cars—Fairfax, Kans.; Oshawa, Ont., and Doraville, Ga. It was originally thought that seven assembly plants would be producing the 1.7 million GM10 cars a year.

The timing question is complicated by the continued success of GM's A-body cars—Chevrolet Celebrity, Buick Century, Oldsmobile Cutlass Ciera and Pontiac 6000. GM has been running six plants on two shifts "wide open throttle" to make the A-cars.

"We have a very successful intermediate product line, and we have to be very careful about making a transition," Reuss said. "As long as they are selling well, and they are, we certainly don't want to disrupt that very successful product."

Reuss said it is possible that some A-cars will remain in the product lineup with the GM10 cars. He said the situation is similar to the situation at Cadillac. The plan had been for the front-wheel-drive models to replace older rear-wheel-drive cars.

"But then the market showed us we really shouldn't drop those," Reuss noted. "As a result, the rwd stayed around. What it looks like to me is that the rwd Cadillac (Fleetwood Brougham) is going to be around for a long time to come, as is the rwd Chevrolet Caprice."

Reuss said the first GM10 cars to be developed represent the greatest distinction by divisions of any so far.

"We have more product distinction—interior and exterior—than any of our products in the past," he said. "The exterior is entirely new and entirely different for each division."

Reuss explains GM price hike

By Michelle Krebs
Financial Editor

General Motors was forced to raise car prices by hefty capital spending plans while at the same time providing a return to stockholders, according to the head of GM's North American automobile operations.

"We are going through a major renovation not only of our product line but of our plants as well," Lloyd Reuss, executive vice president in charge of North American Passenger Car Groups, said in an interview with Automotive News.

GM plans $9 billion to $10 billion in capital spending this year and will maintain that spending level for the next few years.

"There's nobody else making that kind of investment in the future," Reuss said. "To do that and still provide a good return to our stockholders required us to raise prices."

Nevertheless, GM has been criticized for its 2.9-percent price increase, which took effect last Monday. Critics contend GM blew a perfect opportunity to pick up market share from the imports.

"We don't know that," argued Reuss. "We are in a better position versus the imports after the price increases than we were six or seven months ago."

He contended that GM is taking a long-term view while critics look at the short term. "Had we gone with a price increase like the imports," he said, "then I would agree we would be losing some sales. It's a delicate balance. We've got to provide returns and the money for the investments."

Reuss called the GM price increase "modest" compared with that of the competition.

"Our import competition has been doing double-digit (percentage) price increases," said Reuss. "If you look at our price increase, it was sort of modest."

Reuss said that unlike its domestic competitors, GM has decided to become more vertically integrated.

"At GM," he said. "We've taken a long-term view and said the solution to international competition is to gear up to maintain a strong industrial base in this country."

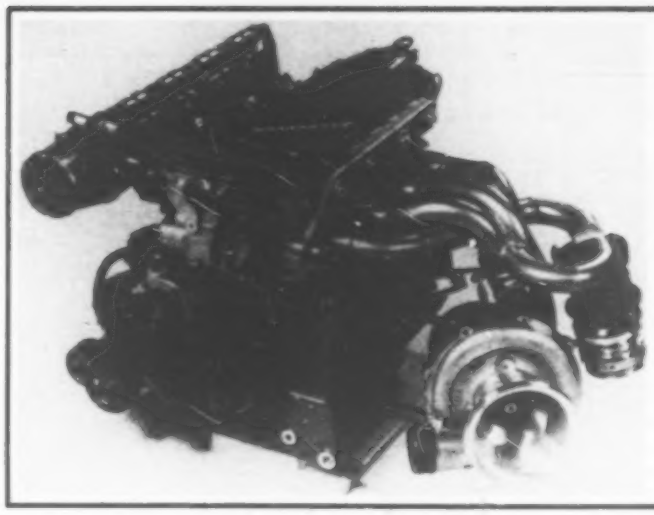
In addition to increasing car prices, GM has reduced the bonus-level head count by 14 percent since it announced its reorganization two years ago. The goal is to cut it by 25 percent by 1990.

The same day that GM put price increases into effect, it also put into effect a new round of financing incentives, ranging from 6.9 percent to 9.9 percent interest rates. Reuss said incentives are "a way of life" right now.

"We're going to continue to have a lot of competition out there," he said. "We at GM are going to be darned aggressive making sure we don't lose market share."

Reuss said he is not overly concerned with GM's high inventory. GM's days' supply as of April 1 was up to 85, compared with 51 a year ago.

"Our inventories are a little bit higher than they normally would be," Reuss said, "but as we move into the spring selling season, we're bullish enough to think that the inventory will be an asset."



New Alfa F1 engine

Alfa Romeo will make its new Gianni Tonti-designed 1.5-liter turbocharged 4-cylinder Formula One engine available to selected chassis manufacturers and racing teams beginning next year. The double-overhead-cam, aluminum block, electronically fuel-injected engine produces 830 HP under current racing federation rules. (Under 1985 standards, 890 HP is achievable.) Alfa will conduct testing of the 279-pound 415/85T engine for the remainder of 1986 at its Bolocco proving grounds near Milano, Italy.

Early-April car sales are highest since '78

By Jenny L. King
Detroit Reporter

Early-April domestic new-car sales responded politely to the continuing incentives programs, climbing 2.67 percent above the year-ago total to their highest level since 1978.

General Motors' 4.90-percent advance was the determining force behind the year-to-year increase.

April 1-10 sales of 227,304 were up some 6,000 units from 221,392 in 1985. It was the strongest early April for the domestic industry since 1978, when sales totaled 232,581. The record of 261,673 for the period was notched in 1971.

Lower-interest-rate programs offered by GM dealers and scheduled to expire April 12 stimulated increased activity in early April, with sales up 4.90 percent, to 129,506 from 123,461 last year.

Ford Motor Co., also involved in a consumer incentive program, reported a 1.04-percent sales improvement for the period, with sales moving to 58,973 from 58,368. Chrysler Motors sales dipped 4.71 percent, to 30,511 from 32,018. Chrysler's consumer approach has been to offer rebates rather than low-interest-rate guarantees on new cars.

American Motors released a sales estimate of 1,600 new passenger cars for the period, down 46.67 percent from 3,000 in 1985. Volkswagen reported 1,868 Golf sales, up 22.09 percent from 1,530. Honda was up 13 cars or 0.43 percent, to 3,028 from 3,015, and Nissan sales totaled 1,818 its first April 1-10 in the domestic market.

The market for the period included GM up to 56.98 percent from 55.83 percent; Ford slipped to 25.95 percent from 26.39 percent, and Chrysler earned 13.42 percent, down from 14.48 percent.

Honda had 1.33 percent, down from 1.36 percent; VW was up to 0.82 percent from 0.58 percent, while AMC dropped to its lowest penetration level of the year—to 0.70 percent from 1.36 percent. Nissan had 0.80 percent of the most recent domestic market, pushing AMC to the lowest rung of the ladder.

Makes reporting sales increases included Chrysler, up 26.23 percent; Ford, up 2.60 percent; Lincoln, up 2.75 percent; Buick, up 1.24 percent; Cadillac, up 32.88 percent; Pontiac, up 17.76 percent; VW, up 22.09 percent and Honda, up 0.43 percent.

Plymouth sales dropped 22.35 percent, Dodge was down 10.77 percent, Mercury was down 31.61 percent and Chevrolet was off 0.62 percent. Oldsmobile missed the year-ago mark by 0.10 percent, AMC was down an estimated 50.00 percent and Renault was down 46.00 percent.

The daily selling rate of 25,256 was up 2.67 percent from 24,599 a year earlier. There were nine selling days in the period both years.

Year-to-date sales reached 2,125,930, down 6.08 percent from 2,263,556 in 1985.

Chevrolet Celebrity was the number-one selling nameplate April 1-10. Celebrity, at 11,329, was followed by Ford Escort at 11,280, Chevrolet Cavalier at 9,782, Oldsmobile Cutlass Ciera at 8,343 and Ford Tempo at 7,240.

DOMESTIC SALES

	Apr. 1-10, 1986	Apr. 1-10, 1985
Renault		
Alliance-Encore	1,350†	2,500†
AMC	250†	500†
AMERICAN MOTORS	1,600†	3,000†
Chrysler	10,852	8,605
Plymouth	8,337	10,736
Dodge	11,312	12,677
CHRYSLER CORP.	30,511	32,018
Ford	40,100	39,084
Mercury	14,652	19,284
Lincoln	4,221	4,108
FORD MOTOR CO.	58,973	58,368
Buick	20,017	19,771
Cadillac	9,363	7,046
Chevrolet	45,742	46,028
Oldsmobile	29,217	29,246
Pontiac	25,166	21,371
GENERAL MOTORS	129,506	123,461
VOLKSWAGEN	1,868	1,530
HONDA	3,028	3,015
NISSAN	1,818	0
U.S. INDUSTRY TOTAL	227,304	221,392

†—Estimate

Import stock up; days' total steady

By Kathy Boyer
Detroit Reporter

The stockpile of unsold imported cars on April 1 was up, but brisk sales kept the days' supply even with a month ago.

The April 1 inventory of 338,084 cars was the highest since Jan. 1 when 338,315 were in stock.

The April 1 count compares with 333,893 a month earlier and 221,179 a year earlier.

Despite the rise in the stockpile, the days' supply remained at 37, even with the month-earlier total but more than the 29 reported a year earlier.

Truck inventories on April 1 dipped slightly to 137,012 from 138,800 a month-earlier. A year earlier, the count had been 92,259.

The stockpile of trucks represented a trim 40-day supply, the lowest since August when a 20-day supply was tabulated.

The April 1 combined imported car and truck inventory rose to 475,096, the highest since Jan. 1, 1983, when 487,851 units were reported.

The current total compares with the 472,693 a month earlier and 313,438 a year earlier.

The import-car inventory on April 1 was split this way: Japan, 58.00 percent; West Germany, 29.59 percent, and other countries, 12.41 percent.

A month-ago, the shares were: Japan, 64.00 percent; West Germany, 24.20 percent, and other countries, 11.80 percent.

All inventory figures in this article include dealer and port inventories and vehicles in transit.

These are the April 1 days-supply figures for imported cars by country of origin: Japan—Toyota, 5; Mazda, 11; Honda, 12; Mitsubishi, 25; Subaru, 27; Nissan, 42; Chrysler Corp., 62; Isuzu, 68, and Chevrolet, 92, (including 103 for the Isuzu-built Spectrum and 73 for the Suzuki-built Sprint).

West Germany—Mercedes Benz, 26; Porsche, 49; BMW, 71; Merkur, 76; Volkswagen, 83, and Audi, 87.

Other countries—Jaguar, 22; Yugo, 32; Saab, 54; Alfa Romeo, 55; Volvo, 57; Peugeot, 69, and Renault, 242.

Trucks and their days' supplies were: Suzuki, 8; Toyota, 21; Mazda, 31; Nissan, 47; Chrysler, 74; Mitsubishi, 79; and Isuzu, 84.

All import truck figures include Nissan's U.S. built models.

IMPORT STOCKS

	Apr. 1, 1986	Mar. 1, 1986	Apr. 1, 1985
Spectrum	103	193	91
Sprint	73	83	43
Chevrolet	92	138	80
Chrysler Corp.	62	71	43
Acura	0	0	0
Honda	12	8	10
Isuzu	68	51	39
Mazda	11	21	11
Mitsubishi	25	24	13
Nissan	42	39	23
Subaru	27	28	19
Toyota	5	8	10
JAPAN	29	30	19
Audi	87	90	70
BMW	71	40	59
Mercedes-Benz	26	20	47
Merkur	76	88	83
Porsche	49	65	50
VW	83	85	66
GERMANY	67	60	60
Alfa Romeo	55	61	65
Hyundai	0	0	0
Jaguar	22	16	20
Peugeot	69	63	61
Renault	242	275	179
Saab	54	54	43
Volvo	57	56	48
Yugo	32	35	0
OTHER COUNTRIES	55	54	52
TOTAL IMPORT CARS	37	37	29
Isuzu	84	110	90
Mazda	31	30	12
Mitsubishi	79	78	16
Nissan*	47	62	35
Suzuki	8	0	0
Toyota	21	26	26
Chrysler Corp.	74	67	38
TOTAL IMPORT TRUCKS	40	48	33
TOTAL IMPORT VEHICLES	38	39	30

*—Includes domestic trucks

Customs Service probes fraud in old 'gray' cars

Continued from Page 1

runs the VIN numbers through Interpol, he said.

Richard Gow and his partner, Robert Goldstein, inspectors with the major crime unit of Customs at the port, are on the front lines as the cars come off the ships.

Gow called some of the people who bring in the cars "straw importers."

He said that in many cases, Customs investigators have found that names on documents have been obtained from tombstones and that addresses are vacant lots. Today, in order to receive a car from the port, "importers" or buyers must identify themselves and present Social Security numbers and telephone numbers.

Stiffel said while 60 cases are now under investigation—most involving fraudulent documentation—he expected the number to rise.

If Customs finds a case of outright fraud, rather than an error, the car can be forfeited.

The penalties for errors can range from $1 to the value of the car.

As for cars which have been impounded, Gow said in some cases it's simply a case of people not picking up the cars. He said he did not know why.

But the cars are sitting at the port and eventually will be disposed of. Some are auctioned by the Customs Service. Others are shipped overseas for use by federal agencies.

More incentives bloom in thorny sales patch

Continued from Page 2

programs were scheduled to expire April 16, did some propping of its own by extending that incentive through April 20.

The Ford program features 7.7-percent Ford Credit financing on Escort, Escort EXP and Lynx models (except Escort Pony) delivered from dealer stock and 9.9-percent financing on a wide range of Ford and Mercury passenger cars, several Ford light trucks and all 1985 and 1986 Lincoln Town Cars.

After April 20, what? "The matters are being decided, literally, at the highest levels of the company," said a Ford source.

According to the insider, Ford viewed the market as split: There is the "Grand Boulevard" (GM) option of a 2.9 percent price hike followed by an even more aggressive set of APR incentives. Or there is the "Highland Park" (Chrysler) philosophy of holding the line on prices and trying to gain market advantage strictly on price, sweetened as needed with rebates or low interest rates.

Chrysler Motors announced last week that it would offer 6.8-APR financing on 1985 and 1986 models of the Dodge Omni and Plymouth Horizon, Dodge Ram Van, Ram Wagon and Ramcharger. The rate was available immediately.

The company touted it as the lowest rate in Chrysler history. A new twist is that the low APR, available only through Chrysler Credit, may be applied for up to 60 months. The program offers the buyer a choice of 6.8 APR or $500 cash back on the Omni/Horizon and $1,000 back on the trucks.

Last week the corporation also announced a special bonus for stockholders. A $250 cash certificate, valid through May 31 and applicable to the purchase of any new North-American-built car or truck (except minivans and Ramchargers) accompanies the shareholder's April 15 dividend check.

Chrysler's earlier rebate program, in place since March 1 and scheduled to run through the end of this month, provides $500 to $1,000 cash back, depending on model, on all new 1985 and 1986 domestic cars and some trucks.

American Motors has interest rates from 7.7 percent on 36-month loans to 9.9 percent on 48 months and 11.9 percent on loans up to 60 months. The AMC program runs through April 30.

Volkswagen said it had an interest-back program on its Wolfsburg limited-edition Golf effective through April 20. Assuming a four-year purchase plan, the customer could retrieve the equivalent of the interest paid during one year. Prior to the Wolfsburg target, VW offered consumer incentives on the GTI.

The European imports have kept their distance from customer incentive programs. "They're selling everything they bring in as it is," said an industry observer.

The Japanese have tampered with their pickup truck market in the U.S. but they, too, are order takers when it comes to new-car sales. Nissan offers a 7.7-APR to customers taking 48-month loans on pickups, domestic or imported. Scheduled to expire at the end of this month, the program probably will be continued.

Toyota's Truck-Dealin' Dollar dealer incentive program, underway through the end of May, offers cash awards to dealership personnel based on sales of pickup trucks and Cargo Vans.

At American Isuzu, a three-month President's Cup dealer incentive ends April 30. It is coupled with an 8.6-APR consumer interest plan on the company's P'UP pickup trucks.

"We haven't heard about any new programs and since this one has been running since the first of the year, it may not be extended," said an Isuzu spokeswoman.

Mitsubishi has an intricate web of dealer incentives including a March-April program offering $500 back per pickup truck sold at the 35-units-and-above level. A concurrent bonus plan includes trips to Scotland for 15 top-volume dealers, plus cash awards for dealerships coming close to or surpassing their assigned sales objectives.

Throughout April, dealerships receive $200 per pickup sold in addition to the previous awards, and a bonus plan pays sales managers handsomely for meeting or exceeding Mitsubishi-designated sales goals.

A Mazda spokesman reported no incentives on cars and a recently initiated dealer trip program based on truck sales which should run "a month or two."

Production

U.S. CAR	Week Ended April 19, 1986	Week Ended April 20, 1985	Week Ended April 12, 1986	April to Date	Jan. 1, to April 20, 1985	Jan. 1, to April 19, 1986
AMERICAN MOTORS	0	3,650	2,010	2,010	29,288	14,563
Renault Total	0	3,650	2,010	2,010	29,269	14,563
Alliance	0	2,161	1,710	1,710	17,062	12,721
Encore	0	1,489	300	300	12,207	1,842
CHRYSLER CORP.	22,200	30,100	28,866	69,172	420,500	447,179
Plymouth Total	6,800	8,675	7,387	18,835	122,861	123,648
Horizon	2,700	3,000	2,752	6,909	42,756	45,872
Reliant	2,900	4,365	3,173	8,180	56,071	54,718
Caravelle	900	938	1,018	2,598	18,092	18,358
Gran Fury	300	372	444	1,148	5,942	4,700
Chrysler Total	6,900	9,435	10,221	23,593	139,781	159,003
LeBaron	1,900	2,005	2,131	5,368	36,011	37,996
LeBaron GTS	0	2,480	2,600	4,317	27,349	26,930
Laser	800	1,237	901	2,335	15,947	17,497
New Yorker/E-Class	1,400	1,475	1,479	3,832	23,184	31,841
Fifth Avenue	2,500	2,238	3,110	7,722	37,290	44,739
Dodge Total	8,800	11,990	11,258	26,744	157,858	164,528
Omni	2,500	3,159	2,678	6,609	45,415	46,373
Aries	2,400	3,583	2,543	6,466	43,940	40,617
Daytona	1,100	991	1,274	3,125	14,155	15,923
Dodge 600	1,900	1,383	1,941	5,071	23,159	27,060
Lancer	0	1,877	1,767	2,951	20,694	24,637
Diplomat	900	997	1,055	2,521	10,495	9,898
FORD MOTOR	40,553	36,097	41,663	108,958	554,947	562,148
Ford Division	28,081	23,594	28,183	74,363	366,814	383,267
Escort	9,174	7,139	8,248	23,365	95,261	125,042
Mustang	4,200	2,831	4,194	11,004	55,999	61,995
LTD	0	6,106	0	0	78,920	0
Taurus	6,927	0	8,151	20,106	0	78,546
Thunderbird	3,658	3,306	3,479	9,027	68,271	53,684
Crown Victoria	0	0	0	0	7,122	0
EXP	0	0	0	0	3,838	0
Tempo	4,122	4,122	4,111	10,860	59,403	64,000
L-M Division	12,472	12,503	13,480	34,594	188,133	178,881
Mercury Total	8,782	8,993	9,200	24,271	134,375	120,961
Lynx	1,340	1,924	1,127	3,339	22,366	20,445
Capri	390	397	383	1,009	5,185	5,449
Marquis	0	2,944	0	0	37,718	0
Sable	3,333	0	3,871	9,618	0	37,724
Cougar	2,404	2,702	2,500	6,823	44,291	37,201
Grand Marquis	0	0	0	0	4,733	0
Topaz	1,315	1,026	1,319	3,482	19,062	20,142
Lincoln Total	3,690	3,510	4,280	10,324	53,758	57,920
Continental	409	633	474	1,147	9,744	6,581
Lincoln	2,770	2,467	3,210	7,746	38,080	43,451
Mark VII	511	390	596	1,431	5,934	7,888
GENERAL MOTORS	93,383	107,945	94,642	245,527	1,599,497	1,421,202
Buick Total	17,094	24,644	16,113	42,649	311,804	229,078
Skylark (X-car)	0	2,460	0	0	36,753	0
Skyhawk	1,866	2,740	1,891	5,005	33,223	27,411
Somerset/Skylark	2,505	2,410	2,383	6,358	41,188	30,618
Century	5,683	6,745	5,675	15,025	72,275	76,466
Regal	1,375	2,981	1,410	2,785	34,110	14,521
Wagon/LeSabre (rwd)	285	3,554	300	794	44,073	4,279
LeSabre	2,990	0	2,301	6,845	0	32,300
Riviera	825	1,393	604	1,759	20,502	6,725
Electra	1,565	2,361	1,540	4,079	29,680	36,752
Cadillac Total	7,920	7,353	6,796	18,969	121,196	96,324
Cimarron	630	583	638	1,664	9,271	8,133
Seville	785	784	573	1,670	13,679	5,417
Eldorado	780	1,468	561	1,651	25,258	6,813
Cadillac (rwd)	2,040	1,288	1,929	5,245	17,619	25,903
DeVille (fwd)	3,685	3,230	3,095	9,739	55,369	50,058
Chevrolet Total	27,252	36,309	27,701	73,109	559,381	465,143
Chevette	2,415	3,307	2,394	6,354	50,638	38,360
Cavalier	8,005	11,374	8,074	21,225	154,867	134,895
Celebrity	5,367	6,206	5,367	14,968	93,343	96,521
Camaro	4,906	4,955	4,871	12,886	73,409	69,120
Citation	0	1,606	0	0	25,881	0
Monte Carlo	2,264	3,254	2,234	5,918	50,849	37,698
Chevrolet	3,765	4,759	3,990	10,293	96,694	80,382
Corvette	480	848	771	1,766	13,700	8,157
Oldsmobile Total	22,793	24,974	24,783	61,556	401,543	366,090
Firenza	1,334	1,600	1,322	3,494	24,491	17,509
Cutlass Supreme	2,645	4,649	4,731	8,690	66,431	62,611
Cutlass Ciera	4,957	6,414	4,966	12,911	121,847	89,468
88 (rwd)	360	5,448	340	937	76,114	7,272
88 (fwd)	8,615	0	8,557	22,490	0	98,869
Olds 98	1,977	2,996	2,307	5,898	45,849	41,439
Calais	2,295	3,238	2,116	5,841	51,944	44,048
Toronado	610	629	442	1,295	14,867	4,854
Pontiac Total	18,314	14,665	19,249	49,243	205,573	264,567
Acadian**	0	234	581	909	4,592	4,464
2000 Sunbird	2,945	3,160	2,964	7,822	43,767	44,351
1000	905	559	976	2,484	10,348	7,789
Firebird	2,854	2,585	2,620	6,916	39,509	36,964
6000	3,126	1,479	3,077	8,124	10,928	48,289
Parisienne	1,490	1,307	1,672	4,192	21,777	27,378
Fiero	2,400	2,648	2,268	6,065	35,922	27,135
Grand Am	4,800	2,713	5,091	12,732	38,730	68,167
HONDA	3,650	2,904	3,979	10,450	51,860	56,260
NISSAN	0	510	0	0	1,465	21,517
NUMMI*	3,070	400	3,070	8,596	2,190	55,636
VOLKSWAGEN	2,000	2,063	1,868	5,126	30,777	26,609
Total Cars, U.S.	164,856	183,669	176,098	449,838	2,890,455	2,605,125
Total Cars, Canada	25,670	23,190	25,124	70,976	307,587	350,490
N. American Cars	190,526	206,859	201,222	520,814	2,998,042	2,955,615
N. American Trucks	95,265	91,098	92,003	248,428	1,329,868	1,396,298
North American Cars and Trucks	285,791	297,957	293,225	769,242	4,327,910	4,351,913

*—Revised estimate. **—All Acadians are built for sale in Canada.
Monthly estimates may contain error of one or two units due to rounding.

Auto production declines for week

By Kathy Boyer
Detroit Reporter

Last week's scheduled production of domestic cars was the lowest for a full work week in six months.

The targeted output of 164,856 cars was the lowest since the week ended Oct. 26, 1985, when Chrysler Corp. plants were on strike, slowing production to 152,430 units.

Affecting last week's build were production cuts at General Motors; the idling of Nissan Motor Mfg. Co., U.S.A.'s car line in Smyrna, Tenn., for model changeover, and downtime at American Motor's Kenosha plant for inventory adjustment.

Last week's build was 6.38 percent below the previous week's 176,098 and 10.24 percent below the year-ago week's 183,669.

So far this year, 2,605,125 cars have been assembled, down 3.17 percent from the 2,690,455 completed last year at this time.

Companies shared last week's estimated production as follows: GM, 56.65 percent; Ford Motor Co., 24.60 percent; Chrysler Corp., 13.47 percent; Honda of America Mfg. Co., 2.21 percent; New United Motor Mfg., Inc., 1.86 percent, and Volkswagen of America, 1.21 percent.

AMC's plant is expected to resume production today (April 21).

Chrysler's Sterling Heights (Mich.) plant, which produces the Chrysler LeBaron GTS and Dodge Lancer, remains closed in preparation for the addition of Plymouth Sundance and Dodge Shadow.

GM's Fiero plant in Pontiac is idle this week for inventory adjustment.

The plant is scheduled to resume output April 28.

Ford slated Saturday (April 19) overtime at its Wayne (Mich.) plant.

All Ford plants except Chicago are scheduled for daily overtime this week.

Chrysler's Belvidere (Ill.) plant was slated for overtime Saturday.

Daily overtime is scheduled this week at that plant and at Chrysler's St. Louis facility.

Belvidere workers vote on salvation contract

By Mary Connelly
Detroit Reporter

At presstime, UAW Local 1268 officials were predicting Sunday ratification of a progressive labor agreement and assurance of continued operation at Chrysler Corp.'s assembly plant in Belvidere, Ill.

Members of Local 1268 were scheduled to vote on a tentative local agreement reached with Chrysler last Thursday.

If the union agrees to the new local contract, Chrysler has said it will invest $800 million to produce its 1988 full-sized, front-wheel-drive C-body models at the plant.

Both sides declined to detail terms of the tentative contract.

However, Richard E. Dauch, Chrysler executive vice president of manufacturing, said the number of production job classifications is between the 16 in force at Chrysler's Sterling Heights (Mich.) assembly plant and the 27 at Windsor assembly. There are currently 120 job classifications at Belvidere.

Classification reduction has been among Chrysler's major quests at its plants.

Asked to detail the key elements of progressive labor agreements, Dauch listed several but would not specify which are contained in the Belvidere pact.

He cited:

1. Job classification reduction.
2. Management's right to a two-week, vacation downtime each year.
3. Flexibility regarding manpower assignments.
4. Overtime decisions determined by an employe's competency, not seniority.
5. Reduction in ability to invoke seniority rights to change shift preference.
6. Stability of work force and fewer job transfers six to eight months prior to a new-model buildout and six to eight months after model launch.

"Obviously, I wouldn't tell you I feel we have a good tentative agreement (at Belvidere) if the major elements didn't have some form or fashion of what we require to put all that money in the plant," he said.

The union declined comment on Dauch's remarks except to confirm that the tentative pact at Belvidere does contain classification reductions.

Toyota reports production gain

TOYOTA CITY, Japan—Toyota Motor Corp. said it produced 310,477 vehicles in February, an increase of 2.0 percent over February, 1985. It was the 17th consecutive month in which production surpassed the year-earlier month's total.

The production breakdown showed 223,419 passenger cars, up 7.0 percent, and 87,058 trucks, down 9.1 percent.

Domestic registrations totaled 109,508 passenger cars in February, down 0.1 percent from 1985.

CANADIAN CAR	Week Ended April 19, 1986	Week Ended April 26, 1985	Week Ended April 12, 1986	April to Date	Jan. 1, to April 26, 1985	Jan. 1, to April 19, 1986
AMERICAN MOTORS	120	411	112	321	3,467	1,897
FORD MOTOR	11,645	10,121	11,325	32,093	154,898	173,250
GENERAL MOTORS	13,680	12,433	13,462	37,932	145,787	171,997
VOLVO	225	225	225	630	3,414	3,346
Total Cars, Canada	25,670	23,190	25,124	70,976	307,587	350,490

U.S. TRUCK☆	Week Ended April 19, 1986	Week Ended April 26, 1985	Week Ended April 12, 1986	April to Date	Jan. 1, to April 26, 1985	Jan. 1, to April 19, 1986
CHEVROLET	23,387	23,849	22,880	63,261	355,572	385,932
DODGE	1,000	4,579	989	2,548	63,874	2,822
FORD	32,883	26,938	30,913	83,442	374,004	451,340
GMC	7,663	7,456	8,503	20,750	106,335	114,195
NAVISTAR	1,610	1,756	1,610	4,499	25,037	23,302
JEEP	3,850	3,355	2,594	8,444	61,105	63,245
NISSAN	3,370	1,329	2,748	7,838	34,936	26,732
*AM GENERAL	50	50	50	140	770	772
*MISCELLANEOUS	2,000	1,720	2,000	5,920	28,996	35,000
Total Trucks, U.S.	75,813	70,932	72,285	194,843	1,050,629	1,103,340

CANADIAN TRUCK	Week Ended April 19, 1986	Week Ended April 26, 1985	Week Ended April 12, 1986	April to Date	Jan. 1, to April 26, 1985	Jan. 1, to April 19, 1986
AMERICAN MOTORS	840	0	973	2,473	0	4,902
CHRYSLER	8,624	8,962	8,794	23,162	130,354	136,349
FORD	3,648	4,682	3,650	10,216	53,748	54,599
GENERAL MOTORS	6,120	6,256	6,057	17,103	91,450	94,103
NAVISTAR	220	286	234	631	3,687	3,005
Total Trucks, Canada	19,452	20,186	19,718	53,585	279,239	292,958
N. American Trucks	95,265	91,098	92,003	248,428	1,329,868	1,396,298

☆—Includes window van production. *—Estimated.
Jeep includes comm'l/cowl only. AM General includes government-destined vehicles.
Miscellaneous incl. as estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

Truck production jumps 5 percent

U.S. truck makers targeted a build of 75,813 trucks last week, 4.88 percent more than the previous week's 72,285 and 6.88 percent better than the year-ago week's 70,932.

At 1,103,340, year-to-date production is 5.02 percent ahead of last year's 1,050,629 t this point.

Nissan Mfg. Co., U.S.A., increased truck production at its Smyrna (Tenn.) plant when it closed the car line for model changeover on March 31.

Nissan is aiming for an increase of about 6,500 units per month, which would bring the total monthly production to 15,000 trucks.

General Motors scheduled Saturday (April 19) overtime at its Flint (No. 1) and St. Louis plants.

Ford slated overtime Saturday at its plants in Norfolk and Twin Cities.

Daily overtime is scheduled for all Ford truck plants this week (April 21).

Canadian makers hike auto output

Canadian makers planned to build 25,670 cars last week, 2.17 percent more than the previous week's 25,124 and 10.69 percent better than the year-ago week's 23,190.

So far this year, 350,490 cars have been assembled, 13.95 percent more than the 307,587 built at this point last year.

Truck production was pegged at 19,452 last week, 1.35 percent below the previous week's 19,718 and 3.54 percent fewer than the year-ago week's 20,166.

Year-to-date, 292,958 trucks have been assembled, 4.91 percent more than the 279,239 built last year at this time.

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Automotive News

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Makers hunger to turn Belvidere vote into trend

By Mary Connelly
Detroit Reporter

News Analysis

The new progressive labor agreement ironed out between Chrysler Corp. and UAW Local 1268 at the Belvidere (Ill.) assembly plant may offer a glimpse of the future at other Chrysler manufacturing plants.

Chrysler is seeking progressive local contracts at its plants to boost efficiency, flexibility and productivity. In cases such as Belvidere, Chrysler has told the union that it must agree to the pact if it wants future product slated at the plant.

On April 21, UAW employes at Belvidere won the prize when 70 percent of union members voting approved a progressive contract calling for a 50 percent cut in production classifications.

The agreement also permits Chrysler to deduct two weeks of an employe's vacation time during plant shutdowns occurring June 1 through Sept. 1 and to enact a freeze on department transfers for several months after a new-product launch.

In return, Chrysler has assured Local 1268 that Belvidere has a future. The company will build its 1988 full-sized, front-wheel-drive C-body line and a luxury model derivative in the Illinois plant.

Chrysler's approach of withholding its $800 million investment in product and plant at Belvidere until union members agreed to do business a new way is being replayed in other companies and at other manufacturing locations in the U.S.

At Chrysler's Newark (Del.) assembly plant is being considered for the K-car replacement but will be required to agree to a new-style local contract.

In Detroit, many factors are being debated as Chrysler tries to determine the future of its aging Jefferson Avenue assembly plant. But as part of that life-saving effort, the local membership had to authorize the union to negotiate a progressive agreement.

The changes are occurring not only in assembly operations.

A plan to invest $60 million in Huntsville, Ala., to create a Chrysler Electronics City is contingent on the union reaching a

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18 U.S. firms pool ideas to sell in Japan

By Bob Berger
Special Correspondent

TOKYO—Following the adage "In unity there is strength," 18 subsidiaries of U.S. auto parts manufacturers have formed the American Automotive Parts Industry Assn. in Japan.

Their goal is to increase sales in this country.

Members include Japanese sales subsidiaries and manufacturing joint ventures of Champion Spark Plug Co.; Borg-Warner Corp.; Bendix Corp.; Chrysler Corp.; TRW, Inc.,; Garrett Corp.; Cummins Engine Co., and Dana Corp.

Steven C.S. Chang, of Nippon Champion Spark Plug K.K., is chairman of the association. Hiromichi Ito, of Borg-Warner K.K., is secretary.

Members expect to benefit from exchanging ideas on the special techniques of marketing in Japan. At first, members were hesitant, particularly when meeting with a rival company.

But any initial reluctance quickly vanished.

One executive explained: "Before we formed our group, each of us was banging his head against the wall, trying to find an entrance into the market. At times, one of us would come up with some answers, but no one had the complete solution worked out. By meeting with each other, we can compare notes and benefit from each other's experiences."

Though the group produced some rather strange bedfellows, he noted that "American companies are so under-represented in the Japanese market, and their market share is so small, that even long-standing competitors feel a sort of team spirit as members of the association.

It may be that you have 1/10th of one percent of the market here in Japan," he said, "and your competitor also has 1/10th, but both of us are up against a Japanese company that has 99 percent of the market.

"In that case, it's pretty easy for us to forget our rivalry and see what we can come up with to grab a piece of the business that the

Please turn to Page 31, Col. 1

Giancarlo Perini

Pininfarina's Alfa Romeo-based spyder and coupe

U.S. makers join Turin pilgrimage

By Richard Feast
European Editor

TURIN, Italy—For the auto industry, this place is Style City. The Europeans have been coming to Italy for their artwork since the Renaissance, and the more recent arrival of the automobile merely continued the trend.

It was not long before the Japanese—who know a good thing when they see it—started pilgrimages here.

Now the Americans have seen the light. Soon there will be the Pininfarina Cadillac. Later there will be the Ghia-designed Ford sports cars. Chrysler will have its Maserati engine and Q-coupe, and the forthcoming sedan and coupe from American Motors began on the drawing boards of ItalDesign's Giugiaro.

The auto companies arrive with checkbooks at the ready for the creativity and craftsmanship of the designers concentrated in the Piedmont capital. A glimpse of just what the big companies are buying is provided by the biennial Turin Auto Show which opened last week.

Were it not for the designers—and the efforts of the town's proprietorial Fiat company—the Turin show would be a pretty parochial affair, just as the one in Birmingham, England, has become. The shows in Geneva, Paris and Frankfurt attract top auto industry management from around the world to the preview days reserved to the trade and press. That is just not the case with Turin.

Fiat Auto, incidentally, will report a profit of about $300 million for 1985, double the $148 million in 1984. Fiat will make the official announcement May 30.

Of the new production models on display, only one was worth a second glance—the Ferrari V-8-engined Lancia Thema 8.32 (8 cylinders, 32 valves). The car will carry a price tag in the region of $35,000 when it goes on sale this summer as Italy's answer to the best of BMW and Mercedes-Benz.

Otherwise, the trends were almost exclusively tracked by the designers. Their offerings ranged from the simple beauty of the Alfa Romeo-based coupe and spyder of Pininfarina to the outright eccentricity of Ital's Machimoto. Well, would you believe a six-seater motorcycle?

On a more serious note, the same company also created Incas, a mid-engined, four-wheel-drive, four-seater that develops the ideas seen with Maya in 1984. But

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Japan's exports just over quota

By Francis J. Gawronski
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TOKYO—Preliminary figures show Japanese auto makers will miss their voluntary export quota of 2.30 million cars to the U.S. by 4,000 units. According to unofficial industry figures, the Japanese manufacturers shipped some 2,304,000 units in the fiscal year ended March 31. The official numbers will be reported this week.

In the first year of quotas, fiscal year 1981-1982, the Japanese makers exported one car less than the 1.68 million they were alloted by their government.

In subsequent years, Japan Automobile Mfrs. Assn. figures show them exporting precisely at their limits of 1.68 million for both 1982-1983 and 1983-1984, and 1.85 million for fiscal year 1984-1985.

In Washington, the U.S. Commerce Department said its analysis shows the Japanese exports fell short of quotas for the first three years but exceeded the limits by a very small percentage (0.05 of a percent or less) in the fourth and fifth years.

This year's quota remains unchanged from the 2.30 million of last year.

Analysts noted the smaller makers affiliated with U.S. car producers received the greatest individual allocations of last year's 24-percent increase.

Mitsubishi Motors Corp., which

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Output cut by Toyota and Nissan

TOKYO—Japan's two leading automobile manufacturers, Toyota Motor Corp. and Nissan Motor Co., said they are cutting their auto output to cope with the adverse effects the appreciation of the yen against the U.S. dollar has had on their exports.

Toyota revealed that it cut its March output to 322,837 units, down 1.6 percent from the year-earlier total. It was the first year-to-year dip in 17 months.

Toyota's March production consisted of 230,667 cars, up 1.9 percent, and 92,170 trucks and buses, down 9.3 percent, compared with last year's figures.

Nissan's production in March, according to a company spokesman, dropped to 205,131 units, down 14.7 percent from the year-ago figure. The spokesman said it "reflected production adjustments the company made in light of prospects of sluggish exports."

Despite the decline in March, Toyota reported that production for the fiscal year ended March 31 reached an alltime high of 3,675,-185 units, an increase of 5.1 percent from the preceding year.

Toyota's domestic sales and exports were 1,690,080 units and 1,-977,787 units, respectively, also records. The year-to-year increases were 2.5 percent for domestic sales and 1.8 percent for exports.

Toyota said March domestic sales totaled 241,755, up 1.0 percent, while exports sagged 1.8 percent to 125,177 due mainly to declines in shipments to Asia, Oceania and the Middle East.

Nissan's exports in March declined 27.2 percent to 81,931 units, due mainly to adjustments in shipments to Europe.

Nissan's domestic sales in March totaled 164,234 units, down 7.4 percent.

For fiscal 1985, Nissan said it produced 2,438,520 units, down 1.4 percent, and exported 1,408,-024 units, up 2.4 percent.

Smith according to Nader

By Michelle Krebs
Financial Editor

The portrait of General Motors Chairman Roger B. Smith painted by consumer advocate and long-time GM adversary Ralph Nader in his new book predictably is not a pretty one.

Nader along with William Taylor are authors of The Big Boys: Power & Position in American Business. The book, which has a May 19 publication date, profiles nine top business executives, three of which, including GM's Smith, refused to be interviewed.

Nader said he was turned down on the Smith interview in a memo which stated that "in view of your long history as an adversary of GM, (Smith) does not want to lend to your book the cooperation you request."

Nader said of all the executives involved with the book "none was more dismissive and aloof than the GM chairman."

A GM spokesman said since the company chose not to participate in the book, the company had no comment on its contents.

The book portrays Smith as cold, humorless, calculating and manipulative. As one would expect, Nader accuses Smith of ignoring safety, quality and innovation in automobiles.

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Imports say tariff plan means higher prices

By Helen Kahn
Washington Bureau Chief

WASHINGTON—If the Senate tax bill is not changed, consumers will have to pay about $100 more for an average-priced imported car and as much as $500 more for an imported light truck, according to Donald H. Graves, a California Nissan dealer and chairman of the American International Automobile Dealers Assn.

Graves, speaking for more than 7,000 dealers, testified before the Senate Finance Committee on a proposal to eliminate the deductibility of tariffs.

He added that once the prices of imported cars rose, the domestic companies would follow suit "permitting monopoly profits of over $1 billion to be reaped by the Big Three automobile manufacturers at the expense of the American consumer."

Separately, the Automobile Importers of America (whose members include 11 European, five Japanese and one South Korean company) filed a position paper along the same lines. The AIA also objected to the proposed linking of the transfer price for tax purposes to the value for customs purposes.

Graves said that in 1985, the imported-vehicle industry paid about $2 billion in tariffs. He said $697 million came from the 2.6 percent tariff on cars; $900 million came from the 25 percent tariff on light trucks; $15 million came from the 4 percent tariff on medium and HD trucks, and $400 million came from various tariff rates on parts for cars and light trucks.

The Senate bill, proposed by Senator Robert Packwood, Oregon Republican, would also mean that taxes would be imposed on tariffs, which would be added to income as the "cost of goods sold"—in effect, a tax on a tax or a tax on the cost of earning income rather than just on earned income itself. Graves called that "ludicrous."

Another "particularly bizarre feature" pinpointed by Graves is an "anti-avoidance" provision, which says that taxpayers liable for payment of tariffs would be deemed to have taxable income in an amount no less than their tariff liability.

Thus, a company with income less than its tariffs would have to pay tax on the higher amount, and it would seem that a company with nothing but losses would still have to pay tax on tariffs, which Graves called "fictitious income." AIADA thinks that raises constitutional questions.

The Packwood bill sets a maximum corporate tax of 35 percent. That would mean that each dollar of tariff paid would reduce tax by 35 cents, leaving the after-tax cost of each dollar of tariff at 65 cents. But if the dollar of tariff is no longer deductible, then tariffs would be in effect raised 54 percent under the 35 percent corporate tax, according to the import groups.

Both AIADA and AIA expect the cost of imports to rise, partly because of the drastic rise in the value of the yen and partly because of upscale models. They also expect Detroit to follow suit, and both agree the ultimate cost to consumers could be as much as $1 billion each year. Moreover, they said, those costs fall more heavily on low-income groups.

AIA said the effective 54 percent hike in tariffs might well invoke retaliation from U.S. trading partners. AIADA mentioned a likely ripple effect that would eventually impact U.S. export industries, "impairing their international competitiveness and worsening an already grotesque trade deficit."

Shop volume dips slightly for month

By Arthur Flax
Service Editor

Service and parts business at new-car dealerships in February was down slightly compared with February, 1985, but business for the year was ahead of the 1985 pace.

According to the Automotive News Service Index, shop business at dealerships in February amounted to 99.6 percent of the volume recorded in February, 1985.

Service volume last showed a monthly decline in November, 1985, when the Service Index amounted to 98.1 percent of November, 1984, volume.

For the first two months of 1986, service and parts volume showed a gain of 3.6 percent over the like period a year ago.

Most indicators in February showed losses from the previous year. Repair orders written suffered the biggest loss, down 14.3 percent from the 1985 month. Sales of all parts and accessories were down 2.1 percent, and shop parts sales (customer-paid and warranty) were off 0.1 percent.

In addition, parts and accessories sales to off-premises customers were down 3.6 percent in February.

Indicators which increased in February compared with year-earlier figures were gross profit on all labor, parts and accessories sales, up 10.7 percent, and total labor sales (customer-paid and warranty), up 3.7 percent.

Indicators for the first two months showed mixed results. Gross profit on all labor, parts and accessories sales was up 10.4 percent from the 1985 period. Total labor sales were up 9.3 percent and shop parts sales increased 2.5 percent.

Showing declines for the two-month period were repair orders written, down 3.4 percent, and sales of all parts and accessories, down 0.7 percent.

Parts and accessories sales to off-premises customers were also down 3.2 percent through February, 1986.

Figures used in the Service Index are averages compiled from reports on shop business from a cross-section of the nation's new car dealerships.

SERVICE INDEX
99.6★

	Feb., '86 vs. Feb., '85	2 mos., '86 vs. 2 mos., '85
Gross Profit on All Labor and P&A Sales	+10.7%	+10.4%
Repair Orders Written	−14.3%	−3.4%
Total Labor Sales (Customer & Warranty)	+3.7%	+9.3%
Shop Parts Sales (Customer & Warranty)	−0.1%	+2.5%
Sales of All P&A	−2.1%	−0.7%

★—Survey by Automotive News shows that dealers' service and parts business in February, 1986, was 99.6 percent of business in February, 1985. Service business in the first 2 months of 1986 was 103.6 percent of business in the corresponding period in 1985.

Ford rethinks offshore buying

By Richard Johnson
Detroit Reporter

With the U.S. dollar plunging even more last week, Ford Motor Co. may be about to slam the brakes on its ambitious strategy for rapidly increasing offshore components purchases.

Ford has begun reassessing a long-term foreign sourcing program that was expected to lower domestic content of vehicles produced in North America to less than 90 percent by the end of the decade.

The dollar last week fell to a post-World War II low against the Japanese yen, putting Ford's overseas parts purchasing plan in a state of flux.

"I see us in somewhat of a transitory state right now as we look at the weakening of the dollar," said Lionel M. Chicoine, Ford vice president for purchasing and supply. "We're reassessing our strategy right now."

Since last November, the dollar has fallen from approximately 210 Japanese yen to a bit below 170, making Japanese-sourced goods less attractive to North American OEMs. The dollar was also falling last week against the West German mark, the Swiss franc and the French franc.

In an interview with Automotive News, Chicoine said a revised offshore sourcing plan at Ford could be set in the next few weeks.

"I think in the near future we will come to an approach which will not be a switch, but a modification of what we have been doing," he said. "I'm not really in a position where I can quite answer the question because I don't have all the inputs I expect to have in the next month or so."

Revision of long-range sourcing aims could impact future component deals with Mazda, which is 25 percent owned by Ford. Company officials have acknowledged plans to become increasingly reliant on Mazda in product, parts and technical areas.

Rumors have circulated in recent weeks about a major Ford/Mazda component program that is in a crucial decision-making stage. Presumably, an overall review of purchasing objectives would impact such a decision. Chicoine last week declined comment on any pending deals with Mazda.

On a typical Ford car produced in North America, about 6 percent of the value comes from offshore suppliers, principally from Japan and Mexico.

The U.S. industry in recent years has been pursuing low-cost offshore component sources in an effort to stave off inherent price advantages enjoyed by Japanese producers and others.

Ford officials had expected North American content to dip below 90 percent by 1990, but in recent weeks that thinking has been redirected.

"A year or so ago, I'd have told you (foreign content) would be 10 percent or perhaps a bit more by the end of the decade," said Chicoine. "I'm less certain of that now. The movement of exchange rates has altered my perspective."

He predicted "some additional growth" in foreign content levels at Ford but said "it will not be dramatic or particularly large."

Chicoine said the refiguring at Ford also takes into account an increasingly competitive set of domestic suppliers.

"They recognize the need to be competitive on a world-class basis and are showing signs, in many instances, of being able to achieve that goal," he said.

Chicoine said the reassessment at Ford has not yet resulted in cancellation of a specific offshore purchasing program.

Chicoine said Ford now concentrates offshore purchases in labor-intensive component areas. For example, wiring harnesses are produced in Mexico. Certain types of machined assemblies, such as transmissions, are supplied to Ford by Mazda in Japan.

Mitsubishi bonanza from Diamond-Star

By Dave Zoia
Detroit Reporter

BLOOMINGTON-NORMAL, Ill.—Mitsubishi Motor Sales of America may derive the most benefit from Diamond-Star Motors Corp.

Diamond-Star, a $600-million 50/50 joint-venture between Chrysler Corp. and Mitsubishi Motors Corp., recently broke ground here for an assembly plant capable of producing up to 240,000 cars annually.

And although output will be divided equally between the U.S. dealer networks of the two firms, Mitsubishi stands to gain the most from the infusion of an extra 120,000 cars.

Currently, Japanese export restrictions severely limit the number of cars available to U.S. Mitsubishi dealers. In calendar 1985, about 50,000 Mitsubishi-branded cars were sold in the U.S.

The influx of Diamond-Star vehicles, once production hits stride, could mean a more than threefold increase in volume for Mitsubishi. The boost will allow the company to broaden its dealer network.

"We currently have 95 dealers," said Richard Recchia, executive vice president and chief operating officer of Mitsubishi Motor Sales of America. "By the close of the year, we'll have 135.

"Our (future growth) ultimately depends on how fast Diamond-Star production comes up and how many cars we can import," Recchia continued. "But all things being equal and unchanged, we're looking at an annual volume of 250,000 to 275,000 cars and trucks and an average of 250 dealers."

This year, Recchia said, Mitsubishi will sell 100,000 cars and trucks in the U.S.

The company's toughest task may be fending off Chrysler, which is ready to take more than its share of Diamond-Star production should Mitsubishi dealers not be able to keep up with the increased volume.

"Selling the 120,000 cars won't be a problem," Recchia said. "The only problem we could have is not getting the right mix of vehicles. But I don't think even that will be a problem."

Diamond-Star will produce two vehicles. First off the line in January, 1988, will be a sporty subcompact that will complement Mitsubishi's Cordia and Tredia lines. The second model, to follow about six months later, will be a four-door sedan version of the Mitsubishi Mirage.

Mitsubishi and Chrysler will be able to choose individually how they want to split their allotments between the two car lines, but decisions will have to be made some 18 months before production startup.

Although there will be some cosmetic differences between the models built for Mitsubishi and those going to Chrylser, Mitsubishi-supplied powertrains will be identical in both sets of vehicles.

Volvo works with Lotus on suspension

TURIN, Italy—The normally secretive Volvo Car Corp. announced here that it is working on a version of Active Suspension which it calls Computer Controlled Suspension (CCS). The work has been carried out in conjunction with the engineering section of Group Lotus.

Lars-Runo Tillback, CCS project manager at Volvo, would give no indication of when the system will be seen in a production car. He and his team have run a pair of 760 Turbos fitted with CCS "all over Europe" during the past 18 months.

Tillback explained that testing new suspension systems would normally require rebuilding a car or building a new one.

"With CCS, we can change at least 66 different properties on one and the same chassis, entirely independent of each other," he said. A complete chassis change requires less than a minute.

The advantages of Active Suspension are being investigated by many companies, including Daimler-Benz. A prime reason for the recent General Motors' acquisition of Group Lotus is thought to have been the company's pioneering progress on the advanced suspension.

Among the areas still to be solved, according to Tillback, are having a backup for the electronics, the unknown reliability of the valves, the higher noise levels the system creates and the simple lack of availability of suitable components. At present, Volvo is using aircraft industry parts—with the resulting cost penalty that implies.

'Even including increases for safety and emissions equipment, the average car today takes no more of the consumer's real purchasing power than it did in 1973.'

—F. James McDonald
President,
General Motors

McDonald skirts hot issues

By Geoff Sundstrom
Washington Reporter

CHICAGO—The policies of General Motors—including price increases, incentive programs, oversupply and executive compensation—were much discussed at the 19th annual meeting of the National Assn. of Fleet Administrators here last week.

But GM President F. James McDonald, the keynote speaker, skirted the hot topics.

He chose instead to warn of the dangers of protectionist trade legislation and claimed that "even including increases for safety and emissions equipment, the average car today takes no more of the consumer's real purchasing power than it did in 1973." He didn't provide any figures to back up the assertion, however.

Although McDonald eloquently addressed the conference theme, Harnessing the Winds of Change, by describing "free-market winds" as a positive force for better products, he failed to address many of the issues on the minds of conference attendees.

Throughout the three-day NAFA conference and at the Automotive Fleet and Leasing Assn.'s annual meeting which preceded it, speaker after speaker questioned GM's recent decision to raise prices with one hand while offering incentives with the other.

Many speakers, such as former UAW President Douglas Fraser, criticized the amount of executive bonuses paid by the corporation, especially in light of reduced earnings and high inventories. Fleet administrators, dealers and leasing companies groused about "look-alike models" and higher prices.

McDonald steered clear of those topics, however.

He complimented NAFA members for being "major contributors to GM's record sales of 1.1 million cars and trucks to fleet customers in 1985." He also said, "In the not too distant future, GM will provide customers with an entirely new kind of automobile, one in which all functional parts within the car will be part of an integrated electronic system."

He said the company will invest $80 billion during the 1980s to help bring that about.

Contrasting current GM products with vehicles made before the first oil import shock of 1973, he told his audience that "today's typical GM car gets 26 MPG—double that of its 1973 predecessor."

He added that "regular maintenance is simplified—from 43 service items to just 17—corrosion protection is better and virtually all pollutants are removed before they get to the tailpipe."

He also said that safety has improved because "highway fatalities have fallen to new lows in the last three years."

He said the future holds "greater efficiency, better fuel economy, increased performance and lower operating costs" for GM cars and trucks.

McDonald said his company supports trends toward deregulation in the U.S. economy and that trade protectionism is a form of regulation the economy can do without.

He said government help is needed to "combat the twin deficits—the budget deficit and the trade deficit." He also said that "only government can step in where the free market cannot serve . . . such as in emission control and safety.

GM busy purchasing automation at Oshawa

By Roger Rowand
Engineering Editor

CHICAGO—General Motors is in what one vendor called "a feeding frenzy of automation" as it revamps its Oshawa (Ont.) facilities plants at a cost of some $1.4 billion.

The Oshawa complex consists of two car assembly plants, a truck assembly plant and a stamping plant.

"GM is snapping at everything it can get in the way of automation, especially the automated guided vehicles (AGVs) that will replace the assembly line," he said.

Talks with individuals attending Robots 10, a trade show at McCormick Place here, indicate AGVs will be more widely used at the Chevrolet-Pontiac-Canada Group's Oshawa facility than at any other plant in the industry's North American assembly operations.

AGV makers, and those familiar with work being done in Oshawa, said that by 1990, Volvo America Corp.'s Automated Systems Division, Sterling Heights, Mich., will have about 1,300 of its AGVs at work at CPC's GM Autoplex in Oshawa.

About 425 additional AGVs made by Conco-Tellus, Inc., Mendota, Ill., part of Interlake Co., will be installed. GMF Robotics Corp., Troy, Mich., a joint venture of General Motors and Japan's Fanuc, Ltd., is expected to put about 100 AGVs into the Oshawa works.

GMF recently signed a licensing agreement with Eaton-Kenway Co., Salt Lake City, a subsidiary of Eaton Corp., under which it will make and market Eaton-Kenway guided vehicles.

GM said the reworked Oshawa car plants will not have assembly lines. Computer-controlled AGVs will allow the new vehicles, GM-10 cars, to be built in what it calls work islands. Cars will be worked on by groups of eight to 15 people and will proceed to the next station only when operators are satisfied with their work, GM said.

'Perpetual' breath test urged for drunks

SACRAMENTO—Legislation has been introduced in the California Assembly that would require drivers caught with a blood alcohol level of 0.14 percent or higher (the legal limit is .10 percent) to install a $300 device in their vehicles that would prevent the engine from starting if alcohol could be detected on the driver's breath.

The device prevents the vehicle's starter motor from turning over until the driver breathes for four seconds into a hand-held instrument connected to the sensors of the device. The sensors are pre-set to respond to temperature and pressure as well as to alcohol.

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60th year—No. 5124

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Period's sales dive despite incentives

By Jenny L. King
Detroit Reporter

Mid-April domestic new-car sales failed to respond to the market resuscitation stimulus of low interest rates and rebates. The total was down 32.02 percent from the strong total reached a year ago.

The decline was aggravated by one less selling day in the April 11-20 period this year (eight vs. nine), so on a daily-rate basis the difference was minus 23.53 percent.

The latest flurry of consumer incentives began with General Motors' April 14 announcement of record-low interest rates on short-term loans on some models, plus lower-than-usual financing rates on almost all remaining models for longer GMAC loans. Chrysler Motors followed suit April 17, and Ford Motor reported its marketing plans April 21.

Ford said its participating Ford and Lincoln-Mercury dealers will offer 6.9-APR Ford Motor Credit loans on contracts up to 36 months on all Ranger models, with 7.9 contracts up to 36 months on Escort, Escort EXP, Lynx, Tempo, Topaz, Mustang, Capri, Thunderbird, Cougar and all Bronco II, F-150 and F-250 models.

Contracts up to 48 months with 7.9-APR and 8.9-APR financing are available on certain light trucks, according to the company. Cutoff dates run through July 5—some programs expire sooner.

April 11-20 sales totaled 193,772, down more than 90,000 units from 285,063 the preceding year. The daily rate averaged 24,222 compared with 31,674 a year earlier. The daily rate for the first 10 days of the month was 25,256.

Year-to-date sales were 8.95 percent behind 1985, dropping to 2,319,702 from 2,547,792.

GM's mid-month sales of 113,360 were down 30.89 percent from 164,034 last year (down 22.25 percent daily rate). Ford reported sales of 46,557, down 37.62 percent from 74,636 (down 29.82 percent daily rate). Chrysler dropped 29.59 percent, to 25,864 from 36,732 (down 20.78 percent daily rate).

Honda reported sales of 3,650, an increase of 3.40 percent from 3,530 (up 16.33 percent daily rate). Volkswagen was off 21.10 percent, to 1,683 from 2,133 (down 11.39 percent daily rate). American Motors' estimated sales of 1,600 were down 53.28 percent from 3,425 (down 47.39 percent daily rate), and Nissan sales of 1,058 were up 84.64 percent from 573 (up 106.25 percent daily rate).

GM earned 58.50 percent of the April 11-20 domestic market, up from 57.54 percent in 1985. Ford had 24.03 percent compared with 26.18 percent a year earlier. Chrysler climbed to 13.35 percent from 12.89 percent.

AMC had 0.82 percent, down from 1.20 percent. Honda was up to 1.88 percent from 1.24 percent; VW was up to 0.87 percent from 0.75 percent, and Nissan grew to 0.55 percent from 0.20 percent.

There was an almost uninterrupted line of minus signs for individual makes. Plymouth was down 41.93 percent from last year; Chrysler dropped 16.17 percent, and Dodge was off 29.54 percent. Ford sales plunged 36.96 percent; Mercury was down 43.98 percent, and Lincoln dropped 15.74 percent.

Buick was down 37.91 percent; Cadillac was off 20.38 percent; Chevrolet was down 27.49 percent; Oldsmobile dropped 33.15 percent, and Pontiac missed by 30.29 percent.

AMC was down an estimated 11.11 percent; Renault was off an estimated 56.25 percent, and VW dropped 21.10 percent. Honda was up 3.40 percent, and Nissan was up 84.64 percent.

Chevrolet Celebrity, with sales of 10,765, was the top mid-April nameplate. Ford Escort was second at 9,363, followed by Chevrolet Cavalier at 8,212.

DOMESTIC SALES

	Apr. 11-20, 1986	Apr. 11-20, 1985
Renault		
Alliance-Encore	1,400†	3,200†
AMC	200†	225†
AMERICAN MOTORS	1,600†	3,425†
Chrysler	8,921	10,642
Plymouth	6,747	11,619
Dodge	10,196	14,471
CHRYSLER CORP.	25,864	36,732
Ford	31,883	50,574
Mercury	11,113	19,836
Lincoln	3,561	4,226
FORD MOTOR CO.	46,557	74,636
Buick	18,502	29,801
Cadillac	7,130	8,955
Chevrolet	39,798	54,890
Oldsmobile	26,610	39,804
Pontiac	21,320	30,584
GENERAL MOTORS	113,360	164,034
VOLKSWAGEN	1,683	2,133
HONDA	3,650	3,530
NISSAN	1,058	573
U.S. INDUSTRY TOTAL	193,772	285,063

†—Estimate

GM slashes loan rates

Reacting to its current sharp sales decline, General Motors announced late last week it was shaving a full percentage point from its low-interest-rate loans on almost all car and light-truck models.

Effective April 26, participating dealers can offer a record-low 5.9 annual percentage rate on GMAC loans up to 30 months on four models: Chevrolet Chevette, Pontiac Fiero, Oldsmobile 88 and Buick LeSabre.

Loans up to 36 months at a rate of 6.9 percent are available on all remaining models except Buick Riviera, Oldsmobile Toronado and Cadillac Eldorado and Seville. Special financing on longer-term contracts, including 8.9 APR for 48 months and 9.9 APR for up to 60 months, remains in effect, according to GM.

The new low 5.9-percent rate on short-term loans also applies to the following trucks: Chevrolet S-10 pickup and El Camino and GMC S-15 and Caballero. A 6.9-percent rate covers Chevrolet S-10 Blazer and CK pickups and GMC S-15 Jimmy and CK full-size pickups.

The program runs through the end of June.

Correction

Contrary to a report in the April 21 issue of Automotive News, owners who import cars five years old or older cannot obtain a special one-time waiver of Department of Transportation requirements. They can, however, obtain such a waiver of EPA requirements.